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Advertising Age

Crain's International Newspaper of Marketing

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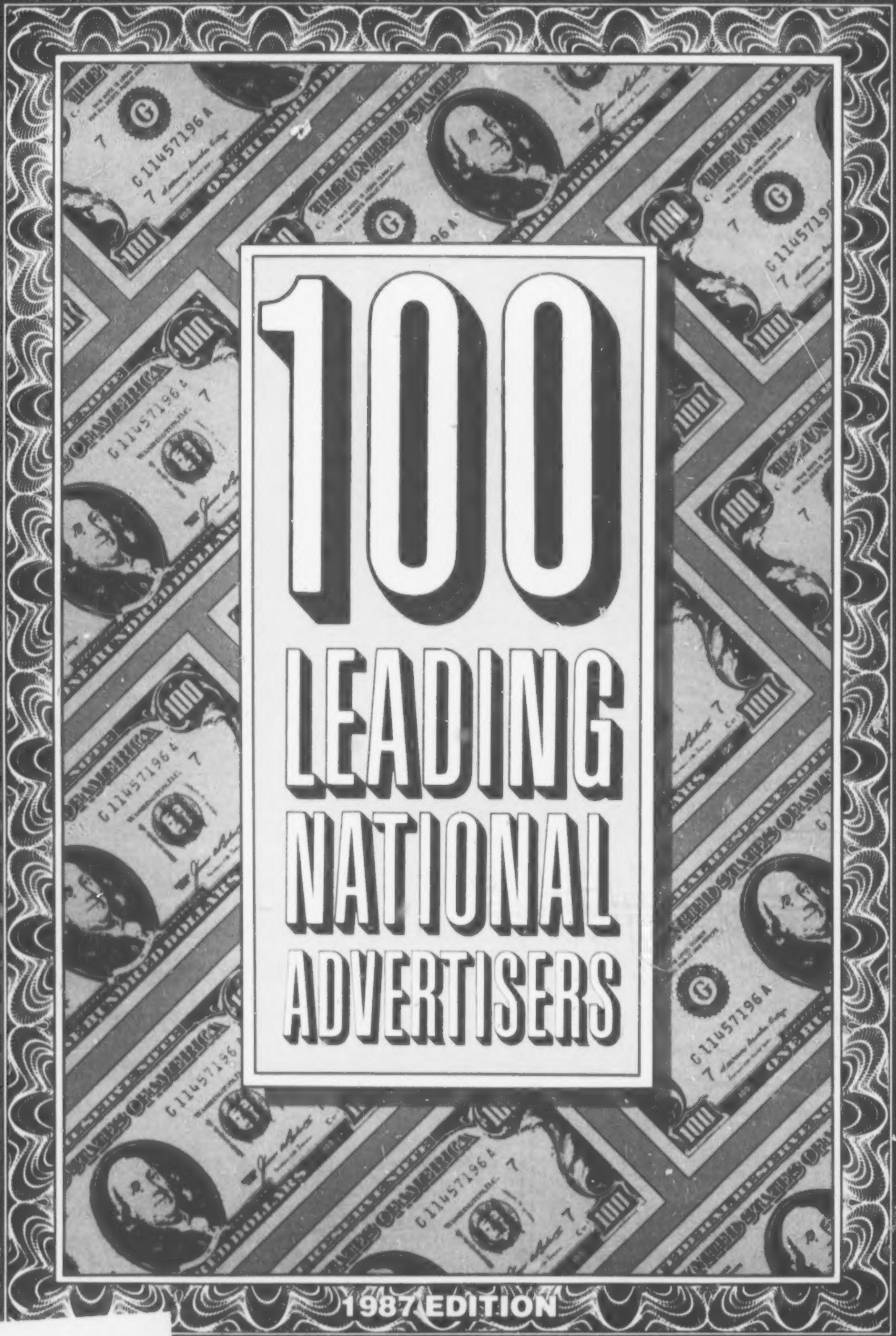

100 LEADING NATIONAL ADVERTISERS

1987 EDITION

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DC
WASHINGTON

September 24, 1987 **Special Issue**

Advertising Age

Crain's International Newspaper of Marketing ®

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Ad growth edges up

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By R. CRAIG ENDICOTT

The 100 leading national advertisers increased their U.S. advertising spending only 3.4% to $27.17 billion in 1986 as they continued the struggle in world markets that hit them even harder in 1985 when ad spending grew only 2.7% over the previous year.

Those markets proved inhospitable to the leading advertisers in the aggregate. They forced down net earnings 7.3% to $53.3 billion as sales grew 8.3% to $1.13 trillion, according to ADVERTISING AGE's 32nd annual report on the 100 leading national advertisers.

Domestic conditions were only slightly better as the "leaders" operating profits composite grew 0.7% to $33.2 billion on sales of $442.2 billion. (Figures represent only the 54 Leaders that break out U.S. operations.)

The tightening of the ad dollar began at the top of the 100 list. Procter & Gamble Co. retained its No. 1 position even though its ad spending in the U.S. was down 10.3% from 1985, to $1.44 billion. P&G held off No. 2 Philip Morris Cos. at $1.36 billion—an ad budget fattened by the purchase of General Foods Corp. In the 11 advertising media "measured" by various reporting services, however, P&G lost its leading position for the first time in years; Philip Morris Cos., recorded $910 million vs. P&G's $834 million. It was P&G's heavy spending in such "unmeasured" areas as direct marketing, special promotions, couponing, co-op spending and point-of-purchase material, etc., that kept it ahead of the fast closing food, tobacco and beer giant.

P&G dropped 7% to $456.3 million in year-to-year spending on network TV, although it outdistanced Philip Morris, No. 2 in that medium. Network TV accounted for 43% of the 11 media in 1986 for the 100, down 0.4 percentage points from 1985. Philip Morris led all others in magazines, however, spending $230.1 million in the medium. Magazines accounted for 15.9% of the 100's total measured media, down from 16.1% in 1985. RJR Nabisco was a distant second at $135.7 million. PepsiCo surged past P&G to lead spot TV spending with $257 million, as P&G totals fell 17.7% to $233.9 million. Spot TV climbed to 22% of all media used by the Leaders, up from 21.7% in 1985.

Aside from spot TV, the only other media that grabbed a higher percentage of the 100's media spending in 1986 over 1985 were network radio, up from 1.8% to 2.4%, and business publications, up from 1.2% to 1.3%. Sears, Roebuck & Co., ranked No. 3 in total advertising, claimed the top spot in network radio, blowing away the competition with a $47.7 million expenditure, a 129.1% year-to-year increase for the retailer and more than double network radio spending for runner-up Warner-Lambert Co., ranked No. 12 overall.

P&G was one of 38 companies in the top 100 to have reduced ad spending. Among the top 10, the only other advertiser to pare its budget was No. 4, RJR Nabisco, at $935 million, down 6.2% from 1985 largely because of the divestiture of Kentucky Fried Chicken, Heublein Inc., Canada Dry and Sunkist soft drinks.

Rapidly rising national advertising spending among major retailers and the rapidly diversifying regional Bell companies kept the 100 Leaders' chart in flux.

Newcomers this year include No. 75 Bell Atlantic Corp., No. 78 Nynex Corp., No. 97 Pacific Telesis Group and No. 100 BellSouth Corp. Retailers include No. 88 Zale Corp., No. 98 Federated Department Stores, No. 99 May Department Stores, and food retailer No. 82 Kroger Co. E&J Gallo Winery, No. 71, came in on the coattails of heavy wine-cooler spending, and No. 94 Hewlett-Packard Co. spent heavily on a corporate "What if . . ." campaign touting its computer applications technology.

Dropping off the list through the acquisition route were Chesebrough-Ponds, bought by No. 19 Unilever N.V., and Eastern Airlines, purchased by Texas Air Corp. By virtue of the EAL buyout, Texas Air climbed to No. 60 (from No. 192 in the second 100 Leaders list). Only parent companies qualify for listing.

AD AGE will profile the second 100 Leaders in a special report Nov. 23. Included in that report will be Leaders from 1985 that dropped below the $82.8 million cutoff this year—Apple Computer, Canon Inc., Capital Cities/ABC, Cotter & Co., Gulf & Western, George A. Hormel & Co., Matsushita Electric Industrial Co., Mattel Inc., Union Carbide Corp. and Van Munching & Co.

There was a correlation between reduced earnings and reduced advertising, especially among the foreign-based Leaders, whose repatriated dollars declined in value as the year progressed. Beecham Group PLC, No. 73, Grand Metropolitan PLC, No. 55, Nestle S.A., No. 30, and Seagram Co. Ltd., No. 91—each experiencing a slippage in U.S. returns in 1986—all spent less on U.S. advertising, according to AD AGE estimates.

Earnings were conspicuously down

(Continued on Page 2)

In 1986 Betty Crocker got a facelift, the Quaker man, a mod-look, Wrigley reverted to a five-pack at the same per-stick price, and the Army and Air Force clung to old ad themes with new agencies. More style than substance?

100 leading national advertisers

Rank	Company	Ad spending	Rank	Company	Ad spending	Rank	Company	Ad spending
1	Procter & Gamble Co.	$1,435,454	35	American Cyanamid Co.	$248,460	69	Cosmair Inc.	$120,410
2	Philip Morris Cos.	1,364,472	36	Colgate-Palmolive Co.	237,867	70	Dow Chemical Co.	119,508
3	Sears, Roebuck & Co.	1,004,708	37	Sterling Drug	220,727	71	E&J Gallo Winery	116,716
4	RJR Nabisco	935,036	38	Walt Disney Co.	219,138	72	American Motors Corp.	116,222
5	General Motors Corp.	839,000	39	H.J. Heinz Co.	217,413	73	Beecham Group PLC	115,877
6	Ford Motor Co.	648,500	40	Toyota Motor Corp.	208,877	74	GTE Corp.	115,340
7	Anheuser-Busch Cos.	643,522	41	Honda Motor Co. Ltd.	205,082	75	Bell Atlantic Corp.	114,517
8	McDonald's Corp.	592,000	42	Campbell Soup Co.	204,233	76	AMR Corp.	112,882
9	K mart Corp.	590,350	43	Schering-Plough Corp.	203,359	77	E.I. du Pont de Nemours & Co.	112,675
10	PepsiCo Inc.	581,309	44	Time Inc.	190,587	78	Nynex Corp.	112,209
11	General Mills	551,561	45	American Express Co.	190,002	79	Noxell Corp.	112,110
12	Warner-Lambert Co.	548,726	46	CBS Inc.	184,837	80	Hershey Foods Corp.	111,335
13	BCI Holdings	535,852	47	Nissan Motor Co. Ltd.	180,136	81	Wendy's International	110,001
14	Unilever N.V.	517,746	48	Allegis Corp.	171,746	82	Kroger Co.	108,339
15	J.C. Penney Co.	496,241	49	Pfizer Inc.	171,139	83	Delta Air Lines	104,554
16	Pillsbury Co.	494,877	50	Mobil Corp.	167,777	84	Greyhound Corp.	103,396
17	Ralston Purina Co.	478,031	51	IC Industries	165,199	85	US Sprint Communications Co.	102,467
18	American Telephone & Telegraph	439,919	52	Goodyear Tire & Rubber Co.	161,858	86	MCA Inc.	101,671
19	Kraft Inc.	437,952	53	American Brands	158,982	87	B.A.T Industries	100,059
20	Chrysler Corp.	426,000	54	Mazda Motor Corp.	156,846	88	Zale Corp.	99,106
21	Johnson & Johnson	410,672	55	Grand Metropolitan PLC	152,919	89	Brown-Forman Corp.	98,921
22	American Home Products Corp.	395,718	56	Volkswagen AG	152,211	90	Wm. Wrigley Jr. Co.	96,243
23	Kellogg Co.	374,142	57	Revlon Group	149,225	91	Seagram Co. Ltd.	94,932
24	Coca Cola Co.	370,379	58	Loews Corp.	146,447	92	Xerox Corp.	92,732
25	General Electric Co.	354,250	59	S.C. Johnson & Son	144,617	93	Warner Communications	92,150
26	Bristol-Myers Co.	330,997	60	Texas Air Corp.	132,287	94	Hewlett Packard Co.	91,684
27	Mars Inc.	312,607	61	Adolph Coors Co.	130,609	95	Clorox Co.	89,923
28	Quaker Oats Co.	309,239	62	Gillette Co.	129,574	96	Monsanto Co.	88,660
29	U.S. Government	306,094	63	Stroh Brewery Co.	128,690	97	Pacific Telesis Group	87,851
30	Nestle SA	305,451	64	ITT Corp.	126,344	98	Federated Department Stores	85,519
31	International Business Machines Corp.	295,498	65	American Dairy Farmers	125,832	99	May Department Stores	84,853
32	Sara Lee Corp.	271,623	66	Bayer AG	125,720	100	BellSouth Corp.	82,743
33	Tandy Corp.	262,161	67	Hasbro Inc.	125,353			
34	Eastman Kodak Co.	255,586	68	CPC International	121,956			

Note: Dollars are in thousands.

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"An American legend has come home again. Jeep, and the people of AMC, are now part of Chrysler.
That's good for us. Good for you. And good for America."
We just want to be the best.

'America' and 'success' oozed from this tableau of a dapper, satisfied Chairman Lee Iacocca posing with Chrysler Corp.'s new Jeep line gained early this year in the buyout of American Motors Corp. Chrysler also reached an agreement to increase its stake in Maserati SpA to 51% over the next eight years, purchased exotic car marketer, Lamborghini, and announced it would re-enter Europe.

CHEVROLET
THE Heartbeat OF AMERICA
TODAY'S CHEVROLET

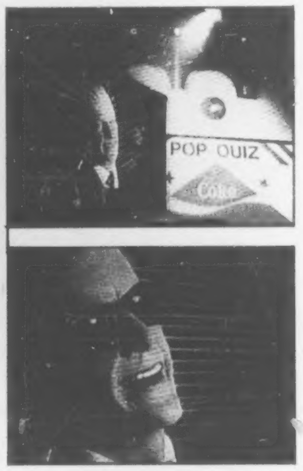
If General Motors can match the success of its Chevrolet division's 'Heartbeat of America' campaign, the economic state of the U.S. is sure to improve—if the adage that links GM and USA bears any truth. 'Heartbeat,' a campaign directed at women that mixed rock with quick vignettes, raised Chevy's percent of GM cars sold from 38.9% to 42.4% from June 1986 to June 1987. Agency is Campbell-Ewald, Detroit.

HONDA SCOOTERS
They'll move you.

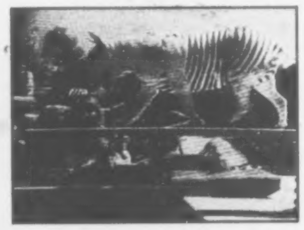
Grainy footage filmed in 8mm gave spots for Honda's Elite 50 model and top-of-the-line Helix motorscooters a documentary feel in a $10 million campaign launched in May 1987. The teen-oriented scooters pulsated Honda's bottom line and gave Honda an 83% share of the U.S. motorscooter market.

Win Night Ranger—Live in concert at your school
SAVE $3.00
25¢ off
25¢ off

Promotional spending and direct response advertising are becoming larger pieces of the nation's total ad pie. Here the two are merged in S.C. Johnson & Son's sponsorship of a national tour by rock band, Night Ranger. Products pushed are Agree, Johnson's teen-age and young-adult positioned haircare line, and Edge shaving gel.



Ccccomputer-head Max Headroom lent its talents to New Coke ads and pushed ad recognition to No. 1 among all commercials in 1986 in audience recall, according to Video Storyboard, which estimates Coca-Cola spent about $48.3 million in 1986 for the spots. That comes out to a cost-efficiency of about $12.07 cpm. Max is the creation of Peter Wagg, a former U.K. adman.



Anheuser-Busch's presenter, Spuds MacKenzie, gets the 'ooh's and 'aah's from the young girls in his Bud Light cameo appearance. Spuds, a three-year-old English bull terrier who is dubbed the Original Party Animal, has become a cult pooch among the college crowd—all of which makes A-B wondrously happy as its barrelage keeps flowing while shipments of most other brewers' remains flat.

Match the faces to the Hush Puppies.

American Express Co.'s 'Do you know me' campaign may have become tired, but it would be passe for sure with AmEx's current retinue of endorsers for its 'Membership has its privileges' replacement campaign. Among the glitteri is 'Tip' O'Neill, former Speaker of the House, who is finding a lucrative trade in peddling everything from charge plates to Hush Puppies.

Ad growth edges up

(Continued from Page 1)

among Japanese automakers, although their ad budgets increased across the board. Greater spending probably occurred because the auto market, marked in 1986 by heavily-advertised finance discounts and souped up offerings, requires more persistent ad weight than consumer markets of the other foreign Leaders. The slump in the dollar and a parallel rise in the yen—up 40% against the dollar in 1986—put the squeeze on margins of export-oriented Japanese carmakers.

The companies are trying to shore up their weaknesses in several areas—from the well-publicized construction of U.S. auto plants that will shift production and sales to dollars and permit circumvention of voluntary import restraints, to the introduction of luxury/performance cars that should help restore margins.

In addition, one-time writeoffs from divestitures and corporate restructuring often were the culprits that caused earnings to drop precipitously in the year-to-year period. Genesis of such writeoffs was rooted in several areas. Companies restructured to prevent corporate raiders from gaining voting control of their stock. They bought up their own stock, paid greenmail, or sold off units to pay for such payoffs—all of which showed as negatives on the balance sheet.

Companies ran for cover in 1986 and 1987 when Ronald O. Perelman, chairman of No. 57 Revlon Group, came to town. Two 100 Leaders initiated anti-takeover measures to avoid his clutches. CPC International, No. 68, repurchased 20% of its outstanding common stock following a run-in with Mr. Perelman. Gillette Co., No. 62, thought it had shaken off Mr. Perelman when it bought his 13.9% accumulation of stock. But last month he approached the Gillette board intending to make another offer, and the company promptly put on hold all new product introductions perhaps through 1988 to generate more cash flow and boost earnings.

Restructuring or its many synonymous expressions usually brought reduced advertising and higher earnings, the latter padded with receipts from divestitures. Campbell Soup Co., No. 42, sold off its restaurants and dog food operation to go "back to the basics" of selling soup, fresh and prepared foods and specialty bakery goods. Its advertising dropped an estimated 5.3% while earnings rose 12.8%. CBS Inc. sought to become "more efficient," a road that ultimately became littered with budget cutbacks, staff reductions and a renewed focus on the broadcast and records segments. Its advertising spending grew by a hair, 0.7%, while net income rose meteorically because of selloffs. Colgate-Palmolive Co., No. 36, sold off "non-core businesses" and cut advertising an estimated 4.9% to help earnings grow 62.2%.

The most obvious impact of downsizing and/or restructuring is that in the resulting corporate mix there were fewer products to advertise. RJR Nabisco, for example, spun off units that account for about $120 million in measured media spending. Restructuring even reached into the company's agency lineup and produced sizable agency shifts that often put ad campaigns on hold until new creative could be produced by the new shop.

Economic conditions that led to restructuring on a regional or local basis also will affect advertising in the future—in reduced commissions and a shift of ad responsibility from the corporate suites of the mega-ad centers to local markets.

General Motors Corp., No. 5, clipped commissions to 12.5% in the summer of 1986. GM—whose earnings dropped 26.4% while sales grew only 6.7%—reportedly is headed toward 9%, although that will be compensated by paying fees for collateral work formerly done free.

Nestle S.A., hurt by the declining dollar and collapse of coffee prices, went out looking for economies. Its subsidiary, Carnation Co., found them by slashing two to three percentage points from commissions paid agencies and by cutting its own payroll 10%. Nestle is considering a worldwide agency fee system now that product movement and promotion are gaining on media-generated brand-building advertising. Philip Morris's General Foods this year began looking into ways of cutting agency commissions.

General Foods is experimenting with a new marketing approach that would give regional managers control over a portion of the marketing, promotion and ad budgets traditionally handled by a home office brand manager. It is testing the concept by assigning local campaigns to local agencies rather than agencies of record.

In fact, many of AA's 100 Leaders are gearing their marketing strategies toward maximizing regional and local markets—as a means of responding more quickly to changing consumer needs and tastes. Campbell Soup reorganized its sales force, giving local sales managers more say in developing products, advertising and marketing strategies. J.C. Penney Co., No. 15, sees its future in regionalization of its retail operation. It is moving corporate headquarters to Dallas from New York, and making its merchandise and marketing mix more compatible with regional consumer buying patterns by giving buying responsibilities to local operations.

Seagram Co. Ltd. has replaced the four national spirits companies of its House of Seagram—the U.S. marketing arm for distilled spirits and wine coolers—with a single sales force, one marketing unit and centralized administration. Restructuring is meant to fine-tune Seagram's marketing on the local level where grocers, liquor store chains and large independent stores have grown highly influential in retailing of distilled spirits and wines.

Ironically, advertising agencies probably contributed to the slow growth in advertising out of their push to grow even larger. Consolidation of agencies into corporate holding companies, a la Saatchi & Saatchi PLC and Omnicom Group, led to wholesale account shifts because of agency conflicts. These shifts left accounts in dangling and campaigns on hold. They affected such big spenders as P&G, No. 16 Pillsbury Co., No. 28 Quaker Oats, Nestle, No. 27 Mars Inc., and Colgate-Palmolive.

While 1986 was short on sales and earnings, it wasn't short on products. There were 2,530 basic products introduced in the year by all marketers, up 14.7% from 1985, according to "Gorman's New Product News." One area of heavy growth was analgesics, stimulated by a rush of new ibuprofen-based products as the exclusive marketing rights granted No. 22 American Home Products Corp. and No. 26 Bristol-Myers Co. expired in September 1986.

Looking ahead, there is RJR Nabisco's new smokeless cigarette. And Gillette has ceramic blades on tap, but their introduction may depend on when Gillette can rid itself of Mr. Perelman.

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Ad growth sluggish for 100

Allegis Corp.

RANK **48**

Elk Grove Township, Ill.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	9,196	6,383	44.1
Net income	12	(49)	124.5
U.S. advertising	172	145	18.4
Division sales	**1986**	**1985**	**% chg**
Airline	7,105	5,292	34.3
Hotel	492	504	(2.4)
Hertz	1,600	497	N/A

Allegis Corp., formerly UAL Inc., began 1987 with a new name and a new mission: to cross-sell its travel services through a synergistic plan that provides passengers with easy access to its Hertz Corp. car-rental unit, Hilton International and Westin Hotel chains and the flagship United Airlines, the largest single carrier in the free world.

The grand strategy was orchestrated by Chairman-CEO Richard Ferris, accompanied by a $7 million ad blitz "in celebration of travel." Initial signs proved promising: Airline passengers in Denver, Washington and other cities could check their luggage and pick up tickets while returning cars at the Hertz counter. The brand loyalty paid off in the form of points awarded participants in the company's Mileage Plus frequent-traveler program. And the company cautiously reported positive consumer acceptance of the plan.

But the vagaries of corporate life doomed the Allegis travel supermarket concept before it really had a chance to take off. Shareholders unwilling to pay the price and impatient for short-term gains in an intensely competitive industry grounded Mr. Ferris' plan as well as his career at Allegis. The airline's pilots now are seeking control of the airline, a development that spurred Mr. Ferris' ouster.

In June, Allegis' board of directors voted to sell off all but United Airlines itself, which will become the parent company's new name by yearend. Additionally, the company will sell as much as a 49% stake in Covia Corp., the rechristened parent of its lucrative Apollo computer reservations system.

Prompting the directors' actions were losses at United Airlines and anticipated costs of fully integrating the three units.

In 1986, what was then known as UAL Inc. posted earnings of $11.6 million, compared with a prior year loss of $48.7 million, on operating revenues of nearly $9.2 billion, a 44% gain.

For the first six months of 1987, Allegis Corp. earned $42.8 million, compared with an $84.6 million loss a year earlier, on operating revenues of $5.25 billion, a 22% gain.

Companywide, Allegis spent $303.7 million on worldwide advertising during 1986, a 52% jump from 1985 and more than double the $136.7 million spent in 1984. Much of the increase is attributable to the Hertz acquisition and the Allegis name change, budgeted for 1986, as well as increased promotional spending and marketing activities for United's new Pacific routes.

United Airlines again proved to be the largest drag on corporate profits, and remained by far the largest revenue contributor despite acquisitions in Allegis' other travel segments.

United posted a net loss of $80.6 million in 1986, slightly below its $88.2 million loss of 1985, on operating revenues of $7.1 billion, up 34%. The company termed these results "disappointing," saying they reflected higher operating expenses and the airline's $715.5 million purchase of Pan American World Airways' trans-Pacific routes, which United began serving in February 1986.

Aging equipment and service problems plagued United's early months controlling that service, as did increased marketing competition from chief rival Northwest Airlines, Eagan, Minn.

United accounted for 77% of corporate revenues in 1986, compared with 83% in 1985. The company acquired Hertz Corp. for $587.5 million in August 1985 and Hilton International for $980 million in December 1986 capping a period of little more than a year in which it spent nearly $2.3 billion on acquisitions.

Despite the losses, United remained the dominant single-brand airline. For the first six months of 1987, United commanded a 16.9% share of the domestic airline market, second only to the amalgamated Texas Air Corp., Houston, whose Continental and Eastern Airlines hold a combined 19% market share through earlier consolidations of People Express and New York Air.

In 1986, United had a 16% share of the domestic airline market, substantially improved from 1985, when the airline was plagued for several months by a bitter pilots' strike. The strike, though eventually settled, set the stage for a looming takeover battle as the Air Line Pilots Assn. seeks to make good on its bid to acquire the airline. In August, the pilots lured Piedmont Aviation Chairman-CEO William Howard to become head of United if the bid succeeds. Allegis officials have vowed to fight the overtures.

United's marketing efforts, through longtime agency Leo Burnett USA, Chicago, last year focused on domestic route expansion and on Pacific routes in a separate introductory campaign that began in February 1986. The airline added Washington's Dulles International Airport as a major hub, joining Chicago/O'Hare, Denver and San Francisco as major "feeder" gateways. Dulles provides a new north-south connection along the eastern seaboard.

As part of the Allegis strategy, the company's United Vacations unit stepped up its plan to market weekend and other vacation packages with other travel units. Joint United/Hertz deals in Florida and the West were offered on short notice to solve logistical problems when, for example, the company needed 500 cars moved from Denver to Phoenix. More permanent ways to capitalize on the connection came from Hertz and Westin through travel packages in Asia and elsewhere.

Hertz itself earned $49.2 million in 1986 on operating revenues of nearly $1.6 billion. Prior-year figures were not available, because UAL acquired the company in August 1985 from RCA Corp.

The car-rental and leasing company broadened its service-oriented campaign last year via Scali, McCabe, Sloves, New York, with a new theme: "You don't just rent a car, you rent a company." Supporting that claim were "exclusive" features such as computerized driving directions to unfamiliar areas.

The leading national advertisers spent $27.17 billion in 1986 in advertising in the U.S. for a 3.4% increase over 1985 levels. Of the total, $14.78 billion was in 11 measured media, with network TV claiming 43% of that. Media spending was 47.5% of all expenditures in those 11 media, down from 48%.

Hertz remains the largest car-rental company, with nearly one-third of airport rentals. Hertz raised its corporate pricing structure in 1986 after several years of profit-draining price wars with Avis, National and Budget. Industrywide profit levels are expected to increase in 1987 as companies earn more from rentals, collision damage coverage and the general increase in domestic vacation travel.

Westin Hotels earned $75.2 million in net earnings, a 199% gain, on revenues of $491.6 million, down 2%. The earnings gain came mainly from the sale of certain hotels, including the Westin Chicago and the Westin St. Francis in San Francisco, to capitalize on a favorable tax structure. The company continues to manage those and other properties.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	26,900	19,987
Magazines	13,676	9,969
Newsp. supp.	222	174
Bus. pubs	4,034	150
Network TV	32,265	29,940
Spot TV	23,246	18,577
Network radio	2,184	1,447
Spot radio	11,660	13,386
Outdoor	892	786
Network cable	1,666	1,390
Total measured	116,746	95,807
Unmeasured	55,000	49,193
Total	171,746	145,000

ALLEGIS CORP.
1200 Algonquin Rd.
Elk Grove Village, Ill. 60007
(312) 952-4000

UNITED AIRLINES
Elk Grove Village, Ill.

Marketing Personnel

John R. Zeeman, exec vp-mktg & planning
James Goodwin, sr vp-mktg
John E. Ruhaak, vp-adv
William Speicher, vp-genl sales mgr
Donald C. Moonjian, sr vp-genl mgr, Pacific div
Christopher D. Bowers, vp-sales devel
William F. Alenson, dir-adv
William D. Groundwater, mgr-adv
Richard Veatch, mgr-promos
Tim Coleman, mgr-Mileage Plus

Advertising Agency

Leo Burnett USA—United Airlines—James Thompson, sr vp-acct dir; John Goad, vp-acct super; Mike Arnold, acct super; Jill Baskin, Holly Hackett, Carla Small, Dick Treat (Los Angeles), acct execs.

WESTIN HOTELS & RESORTS
Seattle, Wash.

Marketing Personnel

William Newman, sr vp-mktg
David Evans, vp-group sales
Ulrich Schwartz, vp, area dir-mktg
Ron Olstad, vp, area dir-mktg
Harvey Cannova, mgr-reservations system
Jim Weiss, mgr-travel industry sales
George Chambers, dir-adv & pr
Laura Thompson, adv mgr
Don Welsh, dir promos
Dashiel Wham, pr mgr

Advertising Agencies

HDM, Los Angeles—Westin Hotels corp—David Willoughby, exec vp-genl mgr; William Lyddan, sr vp, dir-client svcs; Susan Pare, vp-mgmt super; Ed Aroyan, acct super.

Ogilvy & Mather, Seattle, Wash.—some Westin Hotels, corp pr and publicity—Jim McFarland, vp-publicity

HERTZ CORP.
New York

Marketing Personnel

Thomas Jans, division vp-mktg
Robert Nuechterlein, staff vp-adv and mktg programs
Joan Bullwinkel, dir-adv and sales promo
Robert Lande, dir-mktg, direct response
Cathy Hoag, adv & sales promo mgr
Lynn Pelletier, adv & sales promo mgr
Sal Cusomato, mktg programs mgr

Advertising Agency

Scali, McCabe, Sloves, New York—Murray Gaylord, exec vp, sr vp-mgmt super; Bo Overlock, acct super; Meg Malone, Michael Perry, Debbie Weintraub, acct execs; Phyllis Milrod, acct coord.

American Brands

RANK **53**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	8,470	7,308	15.9
Net income	365	421	(13.2)
U.S.	**1986**	**1985**	**% chg**
Sales	3,323	3,150	5.5
Operating profits	470	551	(14.7)
Advertising	159	160	(0.8)
Division sales	**1986**	**1985**	**% chg**
Tobacco products	5,169	4,390	17.8
Hardware, security	679	569	19.3
Distilled beverages	246	250	(1.7)
Food products	533	507	5.1
Office products	347	337	3.0
Other	1,487	1,256	18.4

Although sales for American Brands Inc. reached record levels in 1986, many of the American Tobacco Co. products to which much of the company's success is tied continued to lose market share. This decline, continuing into 1987, is likely to have little impact on sales because of new revenues coming in from recent acquisitions—particularly the spirits division of National Distillers & Chemical Corp.

Cash-rich American Brands was thought to be a potential takeover target in mid-1986 as its stock began trading at a brisk pace. Nothing materialized. However, later in the year American Brands made a $2.8 billion bid for Chesebrough-Pond's Inc., which it later withdrew when topped by a $3.1 billion offer from eventual winner, Unilever N.V.

The aggregate market share of the company's domestic brands was only 7.2% in 1986 against 7.5% in 1985. In the first half of 1987, that share decreased even further to 6.7%, according to John Maxwell Jr., analyst at Furman Selz Dietz Mager & Birney, New York,. Sales for domestic tobacco declined by $15.1 million.

While American Tobacco Co. products were losing market share, the company's measured ad expenditures have dropped. In 1986, measured media dollars in the seven media monitored by BAR/LNA was $39.6 million, or 48% of total measured media advertising. Total measured media include four other media—spot radio, newspapers, business press and farm, none of which supply ADVERTISING AGE with brand data. In the case of cigarette marketers, the heaviest medium is traditionally newspapers. In 1985, the BAR/LNA advertising total was $31.7 million, or 58% of total measured media. Declining ad expenditures also have continued into the first half of 1987.

Among its cigarette brands is the new Malibu brand, a lower-priced cigarette first tested in December 1986 and now being introduced nationally, with advertising support heavy at the in-store level. Other major brands—all of which are handled by Laurence, Charles, Free & Lawson, New York—include Carlton, Lucky Strike, Tareyton, Silva Thins and Pall Mall non-filter. D'Arcy Masius Benton & Bowles, New York, handles Pall Mall Red Filter.

Carlton received $22.2 million in measured support for its nine-item line, down 7.5%. Carlton has a 1.9% share of the market, which has stabilized after dropping from 2.1% in 1982, according to Mr. Maxwell. Pall Mall's received only $3.5 million for its Filter King and Light 100s. It bears an 0.6% share of market, which has declined from 1% in 1982. No measured support was monitored in the seven BAR/LNA media for Tareyton, the company's No. 2 brand. It has a market share of 0.9%, a decline from a 1.3% share in 1982. Lucky Strike's gained slightly in market share from 0.4% in 1985 to 0.5% in 1986.

In 1986, American Tobacco began a restructuring operation. It involved a 15-

Guide to corporate boxes

New World Wheels PLC

RANK **50**

London

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	10,000	7,000	43.0
Earnings	1,000	700	43.0
U.S.	**1986**	**1985**	**% chg**
Sales	10,000	7,000	43.0
Operating profits	1,000	700	43.0
Advertising	100	70	43.0
Division sales	**1986**	**1985**	**% chg**
Automotive	10,000	7,000	43.0
Motorcycles	1,000	700	43.0
Buses	1,000	700	43.0
Scooters	1,000	700	43.0
Taxis	1,000	700	43.0
Other	1,000	700	43.0

Fictitious New World Wheels PLC is ranked 50th among the 100 Leading National Advertisers picked by AD AGE in this issue and based on total U.S. ad spending in 1986, which is reported in this box under Worldwide or U.S. bold headings.

New World Wheels PLC is based in London, and the exchange rate is indicated in the profile.

NWW reports on a calendar basis like most of the top 100. However, should a company report on a fiscal basis, the years heading column would read 1987 and 1986, if the fiscal data occurs before this issue was published.

The advertising figure is a composite of NWW's media spending, both measured and unmeasured, contained in the tabular breakout at the end of the text in each profile. See "Where AD AGE got its data" on Page 14 for an explanation of the tabular breakout.

Division sales for comparable years are for the business segments as defined by NWW. However, should NWW have too many divisions to fit into the box, the editors combined those segments into "other." In this case, NWW segments for its skateboards and roller skates divisions—both providing minor contributions to its strong transportation products divisions—were merged into "other."

month phased closing of the company's 100-year-old production facility in Durham, N.C., and moving to another plant in Reidsville, N.C., about 45 miles away. The company's stemmery in Richmond was closed in the first quarter of 1987. The moves resulted in a $73.4 million restructuring charge in the third quarter of 1986.

In the first half of 1987, American Brands had net income of $238.2 million, up 10% from 1986. Operating income for the first six month was $520 million, up 9%. Net sales were $4.8 billion, up 19%. Tobacco accounted for $2.86 billion or about 60% of the company's net sales.

James B. Beam Distilling Co. finished 1986 with a record fourth quarter, but its operating income declined 13% to $35 million on sales of $254.5 million, up 1.9%. The company claims that it holds 19% of the U.S. bourbon market, compared to 17% for 1985. It spent $2.6 million in 1986 in the BAR/LNA seven media for six products, including Jim Beam Bourbon Whiskey, Jim Beam Schnapps Spritzer and Kamora Imported Coffee Liqueur.

The food segment, which consists of Sunshine Biscuits Inc. and Taylor Food Products Inc., a unit of the James B. Beam subsidiary, posted sales of $532.7 million, up 5%, and operating income of $28.1 million, up 2.6%.

Sunshine, which has 13% share of the cracker market and 7% share of the cookie market, according to D[illegible] [illegible]mple, analyst at Salomon Broth[illegible] [illegible] York, spent $1.7 million in meas[illegible] [illegible]vertising in 1986. Sunshine includes [illegible]lo's, Hydrox and Cheez-It among its offerings.

New introductions in 1986 included Cheez-It Low Salt snack crackers and Hydrox Doubles, which contain a second flavor in the center in addition to the regular cream filling. Agency for Sunshine Biscuits is Sherwood & Schneider, New York.

In the competitive cookie market, Sunshine is a distant second to RJR Nabisco, which holds a share of about 40%. Sunshine claims about 8%.

The Andrew Jergens Co., which comprises the personal care products segment of American Brands, had operating income of $10.8 million, up 16%, and sales of $154.1 million, up 4.8%. Jergens spent $7.7 million in measured media in 1986, the same as in 1985, according to BAR/LNA.

The company made several acquisitions in 1986. In July, Forbuoys Ltd., a subsidiary of American Brand's Gallaher Ltd., acquired NSS Newsagents PLC, the U.K.'s largest independent chain of retail newspaper, tobacco, confectionery and stationery outlets, at a cost of about $126 million.

American Brands acquired Bonny Products Inc., a U.S. manufacturer and distributor of kitchen utensils, to supplement the housewares line of the Prestige Group. Pinkerton's Inc., a subsidiary, bought the assets of BASIX Controls Systems Corp., a business specializing in electronic security systems. The total cost of the Bonny Products and Controls Systems acquisitions, along with several smaller businesses, was about $28 million.

At the same time that the company picked up several non-tobacco businesses, it sold American Cigar Co. for $14 million in July 1986.

Acquisitions have continued in 1987. In April, American Brands' James B. Beam Distilling Co. purchased the spirits division of National Distillers & Chemical Corp. for $545 million cash. The division includes several well-recognized brands, such as Old Grand Dad bourbon, DeKuyper Liqueurs, Windsor Supreme Canadian Whisky and Gilbey's Gin.

At presstime, American Brands was completing a purchase of Acco World Products Inc., an office equipment company, to fit with its Swingline Inc. and Wilson Jones Co., which specializes in office products. The price is $602 million.

In late August American Brands announced it was putting up for sale Taylor Food Products, makers of Mr and Mrs "T" Bloody Mary and other cocktail mixes. Taylor Foods, which only brought in $22 million in sales for 1986, suffered lower profits in 1986. The company attributes the decline in sales to a reduced demand for distilled beverages and to introductory costs for Ramlosa Sparkling Mineral Water, which was introduced into the East and West Coast markets.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	10,260	4,050
Magazines	27,434	35,258
Newsp. supp.	3,629	364
Network TV	9,120	8,839
Spot TV	3,714	6,916
Network radio	139	204
Outdoor	8,513	7,709
Network cable	135	100
Total measured	62,942	63,439
Unmeasured	96,040	96,798
Total	158,982	160,237

AMERICAN BRANDS

1700 E. Putnam Ave.
Old Greenwich, Conn. 06870-0811
(203) 698-5000

AMERICAN TOBACCO CO.

Stamford, Conn.

Corporate Personnel

T.C. Hays, president-ceo

Marketing Personnel

W.J. Moore, sr vp-adv
E.J. Gesell, group prod mgr
R.E. Smith, mktg devel mgr
M.J. O'Neill, mktg svcs dir
E.T. Bonnett, sr rsch analyst
M. Holmes, rsch analyst
J.M. Ockers, sr prod mgr, Pall Mall
T.M. Keane, sr prod mgr, Carlton
KL.P. Noone, prod mgr, Lucky Strike
M.J. Burns, prod mgr, Malibu
J.J. Mellett, media dir
W. Degenhardt, media super
M.P. Rose, media planner
J.E. Vyse, mktg budget analyst
C.H. Mullen, sr vp-sales
D.S. Johnston, exec sales dir

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Pall Mall red filter—William Badger, sr vp-acct dir; Esther Harmon, acct exec.

Laurence, Charles, Free & Lawson, New York—Carlton, Lucky Strike, Tareyton, Silva Thins, Pall Mall non-filter—Albert Magnane, exec vp; Douglass Bomeisler, sr vp; Vickie Siden, sr acct exec; Fran Setzer, asst acct exec.

SUNSHINE BISCUITS

Woodbridge, N.J.

Marketing Personnel

Joseph P. Simrany, vp-mktg
Alexander Nichols, dir-adv & mktg svcs
Alan B. Hiller, mgr-new business & specialty mktg
Gerald Jantzi, dir-mktg, cookies & crackers
William D. Sartain, dir-mktg, U.S. snacks
Linda Barbely, mgr-mktg rsch

Advertising Agency

Sherwood & Schneider, New York—Marvin Schneider, chmn-ceo; Lew Sherwood, president; Carol M. Goggi, mgr-consumer relations & home economics.

FRANKLIN LIFE INSURANCE CO.

Springfield, Ill.

Marketing Personnel

Jack Watson, exec vp-mktg
David Vanselow, vp-comm

SOUTHLAND LIFE INSURANCE CO.

Dallas

Marketing Personnel

Joe W. Hopkins, sr exec vp-mktg officer
Virgil L. Hooper, second vp-dir special mkts

JAMES B. BEAM DISTILLING CO.

Chicago

Marketing Personnel

G. Lane Barnett, vp-dir mktg & adv
Mike Lintner, group prod dir, bourbon & blends
Tim Dorr, group prod dir, cordials & low alcohol prods
Marshall Lynn, group prod dir, Canadian & specialties
Gayle Seinfeld, media mgr

Advertising Agencies

BBDO—DeKuyper cordials, Gilbey gin & vodka, Old Grand Dad bourbon—Jon Firestone, mgmt super.

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Jim Beam bourbon—Lowell Wallace, mgmt super.

HDM/Dawson Johns & Black, Chicago—Fletcher & Oakes, Taylor foods, Ramlosa, Kamora—Andy Taylor, mgmt super.

Laurence, Charles, Free & Lawson—Windsor Canadian, Sauza tequila—Marty Smith, mgmt super.

MASTER LOCK CO

Milwaukee

Marketing Personnel

Peter U. Jung, vp-mktg
Charles Weisbart, mktg mgr

Advertising Agency

Cramer-Krasselt, Milwaukee—consumer trade, intl adv—W. Faude, acct super.

WILSON JONES CO.

Chicago

Marketing Personnel

S.R. Wittrup, dir-mktg devel
M.A. Rosenfeldt, adv mgr

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, Robert Ellis, vps.

ACME VISIBLE RECORDS

Crozet, Va.

Marketing Personnel

David L. Sutton, mktg & sales mgr

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, vp; Larry Wilson, acct rep.

ACUSHNET CO.

New Bedford, Mass.

GOLF DIVISION

Marketing Personnel

Robert S. Dubiel, vp-sales & mktg, asst genl mgr
John W. Hoagland, dir-mktg, golf prods
David E. Overmeyer, dir-intl sales
Theodore S. Ingalls, genl sales mgr
Robert A. Shell, sr mktg mgr-apparel
Gerald M. Bellis, business mgr-clubs, putters, accessories

RUBBER DIVISION

Marketing Personnel

James G. DeMello, vp-mktg
H. Lynn Drury, vp-sales
Roger M. Horning, regional sales mgr
Charles C. Gregory, regional sales mgr
Ernest P. Amaral, mgr-natl accts, construction
Jack W. Wagner, mgr-natl accts, automotive

FOOT-JOY, INC.

Marketing Personnel

Richard A. Nelson, vp-sales & mktg
J. Edward Conathan, vp, prod devel & sourcing
J.T. Nachmann, dir-intl mktg
Francis Allen, dir-sales
Robert Seiler, dir-mktg, athletic prods
Chuck Quinn, mktg dir, golf prods

Advertising Agency

Humphrey Browning-MacDougall/Creamer, Boston—golf div, rubber div, Foot-Joy—John McNamara, acct mgr-golf div, Foot-Joy; Brad Hood, acct mgr, rubber div.

PINKERTON'S

New York

Marketing Personnel

S. Chako, dir-mktg comm

Advertising Agency

James Parry, Inc., New York—James Parry, acct dir.

ANDREW JERGENS CO.

Cincinnati

Marketing Personnel

D. T. Zimmerman, vp-mktg
Richard R. Culpin, vp-sales
Linda D. Cornell, vp-new prod devel

Advertising Agency

Ally & Gargano/MCA Advertising, New York—Jergens lotion, Jergens Aloe & Lanolin lotion, Jergens Vitamin E & Lanolin lotion, Jergens mild soap, Jergens Aloe & Lanolin soap, Jergens liquid soap, Gentle Touch soap, plus a line of toiletries & cosmetics—Richard Sellers, exec vp-group acct dir.

SWINGLINE INC.

New York

Marketing Personnel

David B. Miller, vp-sales & mktg
John Sheridan, dir-sales & mktg, business machines div
Fred Weiss, vp-mktg devel & admin
Jack Shulman, vp-sales, office prod div
Anne Burritt, mktg svcs mgr, office prod div
John Peters, export mgr
Grover Mollineaux, mktg mgr, special prods
Joseph DeLuca, natl sales mgr, consumer prods
Thomas McQueen, natl sales mgr, retail stationery
Anne Beirne, mktg svcs mgr, consumer prod & retail stationery div

Advertising Agency

Al Paul Lefton Co., New York—Jack Stack, president, mgmt super; Robert H.D. Ellis, vp.

MCM PRODUCTS

Old Greenwich, Conn.

Corporate Personnel

R.P. Truitt, president-ceo

Marketing Personnel

William S. McLay, vp-sales & mktg
H. Kenneth Hatter, mktg mgr

Advertising Agency

Elisco & Hermann, Pittsburgh, Pa.—Joseph Obuchowski, acct exec.

American Cyanamid Co.

RANK **35**

Wayne, N.J.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	3,816	3,536	7.9
Net income	203	129	56.9
U.S.	**1986**	**1985**	**% chg**
Sales	2,536	2,489	1.9
Operating profits	151	62	141.8
Advertising	248	266	(6.6)
Division sales	**1986**	**1985**	**% chg**
Medical	1,440	1,167	23.4
Agricultural	873	859	1.7
Chemicals	948	972	(2.4)
Shulton	555	539	2.9

American Cyanamid's Shulton USA Division, its largest advertised segment, which markets personal care, liquid cleaning and insect control products, was joined by two of the other three American Cyanamid segments in recording sales and operating income growth for 1986, turning around a dismal 1985.

Shulton, the only segment to have survived 1985 with growth in both sales and operating income, remains the smallest segment in a company that is placing more emphasis on its medical group through acquisition and product development. Medical is the second most advertised segment, with most of the spending in the segment pulled by Lederle Laboratories for Caltrate 600 calcium tablets, Centrum vitamins and FiberCon laxative.

Shulton reshuffled its product lineup in 1987 by selling its Jacqueline Cochran Inc. division to Sanofi, a Paris-based multinational pharmaceutical, cosmetics and fragrance company. The division marketed L'Air du Temps, La Prairie line cosmetics, Grey Flannel men's fragrance, Niki de Saint Phalle perfume and Pierre Cardin fragrances and colognes. Only the Pierre Cardin line was retained. It was transferred to the Shulton division.

According to K.M. Freeman, VP-marketing for Shulton, the reportedly slow-growth division "didn't fit in with group priorities and long-range goals."

Heavy ad support continued to back the Old Spice line of men's aftershave, cologne, deodorant and antiperspirant. Seven lines account for more than $13.4 million in measured spending in 1986, virtually the same as in 1985.

Old Spice, priced in the lower-middle market, remains the largest men's fragrance brand in the world, with wholesale volume topping $180 million. One major advertising campaign last spring linked Old Spice with the National Football League in a Rookie of the Year voting promotion.

This October, Old Spice will introduce "Night Spice cologne," which, at $10 for two ounces, is just about double the price of Old Spice four-ounce fragrance and is designed to appeal to a younger, more upscale customer. Scali, McCabe, Sloves is developing the $4 million ad campaign.

In a big shakeup early in January 1987, Ted Bates resigned the Cyanamid account to avoid conflicts with Procter & Gamble. Bates is now Backer Spielvogel Bates in the advertising empire of Saatchi & Saatchi PLC, whose S&S DFS Compton unit is a longtime P&G agency. Cyanamid also dropped DFS (Dancer Fitzgerald Sample) from its agency lineup.

Carryover agency Carrafiello Diehl & Associates, which handles Combat insecticide, picked up Lady's Choice antiperspirant handled by DFS, and Pine-Sol handled by Bates. New agency, Scali, McCabe, Sloves gained Old Spice deodorant and antiperspirant from DFS, plus Old Spice aftershave and cologne and Breck from Bates.

In the household products area, Pine-Sol's cleaning formula was improved, a new plastic bottle introduced and the line expanded with a pump spray cleaner. Measured advertising spending for Pine-Sol was up 2% to $9.2 million in 1986, mostly in network TV ($6.8 million), while spot TV was down substantially.

Nonetheless, increased competition, particularly from companies who want to get into the popular "pine scent" business, has kept market share for pine-scented cleaners about even, with Pine-Sol the leader with an approximately 17%-19% share in manufacturer dollar sales. The nearest competitor is thought to be Clorox's Formula 409 with a 10%-12% share. However, in the larger surface cleaning industry, Pine-Sol ranks fourth behind Procter & Gamble's Mr. Clean and its Spic 'n Span, and Sterling Drug's Lysol.

Shulton's Combat insect control systems' market share is an estimated 6% of the household insecticide market, far down the line from S.C. Johnson's Raid, which has an estimated 45%-50% share, and American Home Products Corp.'s Black Flag, with 20%. More recent Combat introductions include a bait product for rodents and aerosol spray for flying and crawling insects. Combat is supported with $3 million in measured spending, up from $2.9 million in 1985.

Earlier this year, the Lederle Laboratories division brought out FiberCon tablet laxative to go up against P&G's Metamucil brand, which has a reported 65% market share. Lederle backed its marketing program, kicked off in March, with some $15 million. P&G spent $5.3 million in measured media in 1986 on Metamucil.

In June 1986 Lederle was asked by the New York attorney general's office to stop promotions that claimed its Stresstabs vitamins can reduce the effects of psychological and physical stress. It also reimbursed the state with $25,000 to cover the cost of investigation, while admitting no wrongdoing.

Lederle's Caltrate 600 line received $6.6 million in measured spending, up 22%, and spending on Centrum vitamins dropped slightly to $6.1 million.

Research facilities are being expanded in an $85 million building program at Lederle Laboratories in Pearl River, N.Y. Under construction are facilities for cardiovascular and central nervous system research. The company also is completing an $8 million facility for the Medical Device Research Division in Danbury, Conn.

Greater emphasis is being placed on the Medical Group through the creation of a Medical Device Division, which comprises Davis & Geck surgical products, medical instruments and equipment, and two 1986 acquisitions, Acufex Microsurgical Inc., a supplier of arthroscopic surgical devices, and Storz Instrument Co., a leader in ophthalmic instruments.

The company says such acquisitions are part of the Medical Group's strategy to broaden its position in specialized medical devices "to capitalize on emerging markets for less invasive and more cost-effective surgery."

Last August, Harry M. Meyer Jr., former director of the U.S. Food & Drug Administration's Center for Drugs and Biologics, was named president of the Medical Research Division.

Difficulties in the farm economy put a crunch on fertilizer sales, which affected growth of only 2% in sales for the agriculture segment. In October, Cyanamid withdrew from the U.S. upgraded phosphates fertilizer market when it leased its phosphate rock processing plants to International Minerals & Chemical Corp. and sold the rights to its rock reserves. Sales in the chemicals segment dropped in 1986, primarily because of the divestiture of its U.S. titanium dioxide business in mid-1985. In 1986, the company purchased approximately 75% of the common stock of Applied Solar Energy Corp., a producer of solar cells, from Chesebrough-Pond's for $37.7 million, in a move to complement Cyanamid's electronic chemicals business.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3	59
Magazines	14,113	10,149
Newsp. supp.	144	1,326
Bus. pubs.	749	439
Farm pubs.	5,376	5,017
Network TV	21,648	28,371
Spot TV	11,682	13,833
Network radio	2,910	523
Spot radio	2,594	2,169
Outdoor	222	194
Network cable	1,543	2,231
Total measured	60,984	65,310
Unmeasured	187,476	200,776
Total	248,460	266,086

AMERICAN CYANAMID CO.

One Cyanamid Plaza
Wayne, N.J. 07470
(201) 831-2000

AGRICULTURAL GROUP

Wayne, N.J.

Marketing Personnel

Thomas J. Raser, comm mgr
Jeffrey A. Winton, adv mgr, crop protection chemicals
Christine B. Cannon, adv-sales promo mgr, animal nutrition & health, VPC ventures
David Butterfield-dir public affairs

Advertising Agencies

H.T. Fenton, Somerville, N.J.—Malathion, Cythion—Harry Fenton, acct mgr; Karna Godridge, acct super; Andrea Bestul, acct exec.

Miller-Meester, Minneapolis—Scepter, Aastar, Thimet—Paul Durham, acct super, prod publicity, all prods.

Tucker Wayne & Co., Atlanta—Counter, Avenge, Prowl, Cygon, Cyprex, Assert, Amdro—L.E. Ver Steegh, sr vp; Mark Kirkpatrick, vp; Lisa Larson, acct exec.

CHEMICALS GROUP

CHEMICAL/INDUSTRIAL PRODUCTS DIVISION

Marketing Personnel

Diane L. Flood, mgr-mktg comm

Advertising Agency

Winchell Marketing, Philadelphia—Harry Blynn, president.

VENTURE CHEMICALS

POLYMER PRODUCTS DIVISION

Jayme Kulesz, mgr-mktg comm

Advertising Agency

Winchell Marketing, Philadelphia—Harry Blynn, president.

FIBERS DIVISION

Marketing Personnel

Leigh T. Doxsee, dir-mktg

Jeanne B. Simmons, mgr-mktg comm

Advertising Agency

Baumont-Bennett, New York—Creslan acrylic fibers—W. Korach, vp-acct mgr.

LEDERLE LABORATORIES

Marketing Personnel

K.Michael Forrest, vp-genl mgr, pharmaceutical prods

Elizabeth A. Corsi, dir-mktg, pharmaceuticals

Advertising Agencies

Carrafiello, Diehl & Associates, Hudson, N.Y.—pharmaceuticals—T. Sweeney, acct exec.

Dugan/Farley Communications, Montvale, N.J.—E.J. Farley, exec vp.

Klemtner Advertising, New York—pharmaceuticals—Gabin Scott, exec vp

CONSUMER PRODUCTS SHULTON U.S.A. DIVISION

Marketing Personnel

Kenneth M. Freeman, vp-mktg

Sheila A. Hopkins, strategic business unit mgr, fragrances

Andrew Lowry, strategic business unit mgr, household prods

Lawrence B. Koslow, strategic business unit mgr, toiletries

Gary S. Balkema, dir, new prods

James B. Gibbs, dir-adv & promo svcs

Leo J. Lent, dir-mktg svcs

Advertising Agencies

Carrafiello Diehl & Associates, Irvington-on-Hudson, N.Y.—Combat, Surpass—A. Louis Carrafiello, president; Robert Brandt, mgmt super; Len Fiore, acct exec; Marguerite Kennedy, media dir.

Scali, McCabe, Sloves, New York—Old Spice fragrance, Old Spice deodorant, anti-perspirant, Pierre Cardin, Breck, selected prods—Stuart Epstein, exec vp; U. Morant, mgmt super.

LEDERLE INTERNATIONAL

Wayne, N.J.

Marketing Personnel

Kobi M. Sethna, vp-intl mktg

Jane E. Richards, dir-pharmaceutical prods

SHULTON INC. INTERNATIONAL DIVISION

Wayne, N.J.

Marketing Personnel

Frank L. Laevey, vp-mktg

Jane Akkerman, dir-mktg

James W. Janis, dir-mktg

Otto A. Fohl, dir-business info service

American Dairy Farmers

RANK **65**

Rosemont, Ill.

($ in millions)

U.S.	**1986**	**1985**	**% chg**
Sales	N/A	N/A	N/A
Advertising	126	121	4.0
Division sales	**1986**	**1985**	**% chg**
American Dairy	64.4	N/A	N/A
Nat'l Dairy Promo.	60.9	N/A	N/A
C.O.W.	N/A	N/A	N/A

U.S. dairy marketing promotion is in a state of mega flux. While the advertising and promotional money comes from one source—the dairy farmer—the three caretakers of those funds operate under different mandates. While they often operate in concert promoting dairy products, they can speak with a different voice. This has caused change in the way ADVERTISING AGE reports on the year's national dairy advertising in this special issue. What was previously listed as American Dairy Assn. will now be referred to as American Dairy Farmers.

This profile, while merging the ad dollar totals for the players in the U.S. dairy advertising, shows each player as a distinct program. Each has its differences. In the background is a kind of white noise, not quite static, accompanying their stated purposes and competitiveness.

One of the lead players in American dairy promotion is the American Dairy Assn., which in previous years, lent its name to the title of this profile. ADA is the marketing/advertising unit of the United Dairy Industries Assn. The UDIA is an organization of dairy farmers, processors and equipment makers formed to promote the sale of dairy products. The existence of the ADA, established in 1940, is justified in the credo of its parent, the UDIA, which is to sustain support of a single national dairy promotional organization which will merge the talents and resources of existing dairy promotional groups under one board of directors and chief executive officer.

The National Dairy Promotion and Research Board (NDPRB), created by the U.S. Congress in its Dairy & Tobacco Adjustment Act of 1983, began especially in this past year to move out energetically with its own dairy programs. Emphasis is on manufactured dairy products. However, in the coming year NDPRB will back away from advertising milk, leaving that to UDIA, and stressing cheese and butter.

The third group is the West Coast dairymen represented by COW, the acronym for a cooperative promotion program conducted by the dairy commissions of California, Oregon and Washington. COW is attempting to build a regional marketing promotion which its supporters feel they understand better than the national groups and which they feel the national groups have neglected. In practical fact, COW continues to work with the ADA and NDPRB in making media buys and coordinating efforts.

The biggest present unifying factor in dairy marketing promotion is dollars, generated by a contribution of 15 cents per hundredweight of milk produced. This contribution, mandated by the Dairy and Tobacco Adjustment Act of 1983, is broken down into three 5 cent allotments-5 cents can go to the NDPRB for its marketing promotion programs; the other two nickels can go to regional and national organizations, like UDIA and its members, for both national and regional or local promotion. The UDIA states that it represents 95% of U.S. dairy farmers who are producing 86% of milk marketed in the U.S.

How big is the national milk advertising pot? Based on recent dairy herd counts totalling 9.5 million, potential dollars can be calculated by multiplying that figure by the average annual milk production per cow in pounds, or 12,495 lbs. of milk, dividing by 100 (for hundredweight) and multiplying by 15 cents. The result: a potential dairy promotion budget of about $177.4 million. According to the most recent counts and estimates including amounts not directly reported in media monitoring, the 1986 total spent for dairy product marketing promotion was approximately $144.3 million.

Changes made during the past year by these major dairy promotional organizations in their accounting for expenditures have caused discrepancies between the total expenditures they claim for advertising in 1986 and the counts made during the year by media-monitoring organizations such as LNA/BAR.

Using these counts for 11 media, ADVERTISING AGE shows total spending for 1986 as $125.8 million. The UDIA estimates it spends $60.9 million and NDPRB $64.4 million. An annual $19-$20 million budget finances COW promotions. COW's estimated 1986 media spending included $15 million by California, $1-$1.25 million by Oregon and $3.5-$4 million by Washington.

The NDPRB expenditures are essentially for national buys, both network TV and print. In allocating monies from the mandated 15-cents contribution, the board in effect has retained for itself the spending for manufactured products plus marketing of fluid milk to younger consumers.

Major ad programs of the NDPRB in 1986 included $8 million for young adult milk promotion; $6 million for children's milk; $22 million for cheese; $7 million for butter; $16 million for dairy calcium; $5 million for ice cream; $200,000 for non-fat dry milk and $1.5 million for an information program directed at the health professions.

The ADA also made its biggest expenditures in 1986 for network TV, but that was only a little more than a third of its $60.9 million ad budget, or $22 million. Other spending was $16.4 million for spot TV and $8 million for spot radio. In-store displays at the dairy case were a major factor at $7 million. The major part of ADA national advertising reportedly is with adult fluid milk, the REAL seal identity program and some manufactured products.

On the West Coast, COW is only receiving national funds from NDPRB to support adult fluid milk advertising. If COW wants to advertise manufactured

"What do I have to do to get 'local' rates in The Houston Chronicle?"

Just increase your frequency with a Chron-Flight® schedule.

"How does Chron-Flight work?"

Most advertisers space their ads throughout a quarter or entire year. But with Chron-Flight, you can concentrate your ads into flights, going to short-burst, high-impact schedules similar to your broadcast buys.

"And Chron-Flight gets me a 'local' rate?"

You bet. Because you're not only getting a substantial Chron-Flight discount, you're also getting your usual frequency discount. The end result? A cost-per-page that is so rock-bottom, you'll think you're off the rate card.

Now your client will be getting the "local" rates that have been in the news lately.

"But won't more ads—even discounted—cost more?"

Actually, you'll spend less. The Chronicle delivers your target market at a very affordable rate. You'll get the maximum frequency discount by placing 100% of your ads in The Chronicle. So don't split your advertising between different newspapers.

"Wait. Isn't Houston a two-newspaper town?"

Yes, Houston has long been known as a two-paper town—and those top two are the Sunday Chronicle and the daily Chronicle.

Surprised? You shouldn't be. The Chronicle's circulation lead over the Post is overwhelming—more than *95,000 daily and *175,000 Sundays.

So The Chronicle, all by itself, delivers the market to advertisers.

It takes only one daily insertion in The Chronicle to reach as many adults as two in the daily Post.

And check what happens on Sunday: One ad in The Chronicle reaches as many Houston adults as five ads in The Post. Here is the big picture.

Total Adults

Daily	1 ad	2 ads	3 ads	4 ads	5 ads
Chronicle	40%	48%	53%	56%	58%
Post	32	40	44	47	49
Sunday					
Chronicle	53	62	66	69	71
Post	38	45	49	51	53

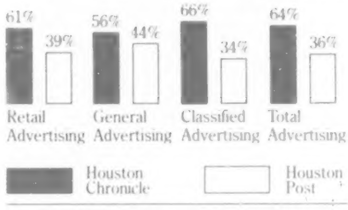
Source: Simmons 1987 National Study of Local Newspaper Ratings, Houston P.M.S.A.

"But which newspaper do advertisers choose?"

The smartest ones are in The Chronicle. They've made us the clear, number one choice in Houston. We lead in every single category of advertising, as you can see here.

So when you bring your national advertising campaign into Houston, use the "local" rate structure of Chron-Flight to make the most of your budget.

Chronicle vs. Post Market Shares



Source: Houston Chronicle internal inch reports, first six months, 1987. Includes full and part run ROP inches. Preprint inches are excluded.

"How can I get a Chron-Flight schedule?"

Just call your Houston Chronicle rep. Get full details on how increased frequency gets you the "local" rate. Today in Houston, Chron-Flight makes your dollar more powerful than ever before.

"Call the Chron-Flight Hot Line at 713-220-7761."

Represented by
Sawyer Ferguson Walker

Houston Chronicle

Houston's primary advertising investment

*SOURCE: Calculations computed from the March 31, 1987 Publisher's Statement for the Houston Chronicle and the Houston Post

Media spending by 100 leading advertisers

Rank 1986	Rank 1985	Advertiser	Headquarters	Total spending	'86-'85 % chg	Unmeasured spending	Total measured	Newspaper	Business publication	Spot radio	Farm publications
1	1	Procter & Gamble Co.	Cincinnati	$1,435,454	(10.3)	$601,512	$833,943	$4,030	$3,194	$7,471	0
2	2	Philip Morris Cos.	New York	1,364,472	0.4	454,578	909,894	57,590	2,986	33,226	$267
3	4	Sears, Roebuck & Co.	Chicago	1,004,708	25.6	728,309	276,398	0	741	21,928	0
4	3	RJR Nabisco	Winston-Salem, N.C.	935,036	(6.2)	408,799	526,237	50,347	2,618	9,286	0
5	5	General Motors Corp.	Detroit	839,000	7.7	192,096	646,904	146,430	10,256	35,153	2,263
6	7	Ford Motor Co.	Dearborn, Mich.	648,500	5.5	151,176	497,324	76,136	5,251	17,610	3,014
7	10	Anheuser-Busch Cos.	St. Louis	643,522	22.8	243,095	400,427	11,744	843	50,420	0
8	9	McDonald's Corp	Oak Brook, Ill.	592,000	7.6	258,192	333,808	0	0	4,654	0
9	8	K mart Corp.	Troy, Mich.	590,350	4.1	507,328	83,022	0	0	3,602	0
10	16	PepsiCo Inc.	Purchase, N.Y.	581,309	4.1	167,260	414,050	8,806	399	22,342	0
11	14	General Mills	Minneapolis	551,561	23.3	246,634	304,927	705	1,109	3,107	0
12	18	Warner-Lambert Co.	Morris Plains, N.J.	548,726	16.9	358,982	189,745	850	3,405	1,826	0
13	6	BCI Holdings	Chicago	535,852	(12.5)	389,081	146,771	3,652	2,717	12,110	0
14	19	Unilever N.V.	London	517,746	5.3	185,308	332,438	2,427	315	4,312	0
15	15	J.C. Penney Co.	New York	496,241	3.6	421,317	74,924	0	3	875	0
16	17	Pillsbury Co.	Minneapolis	494,877	3.7	234,727	260,150	1,346	323	18,178	0
17	12	Ralston Purina Co.	St. Louis	478,031	(8.2)	300,000	178,031	2,512	456	8,013	1,229
18	11	American Telephone & Telegraph	New York	439,919	(15.6)	100,367	339,552	31,106	19,850	8,710	0
19	13	Kraft Inc.	Northbrook, Ill.	437,952	(8.7)	237,360	200,592	2,017	774	7,162	0
20	22	Chrysler Corp.	Highland Park, Mich.	426,000	8.3	108,435	317,565	42,203	1,257	21,071	418
21	20	Johnson & Johnson	New Brunswick, N.J.	410,672	2.4	204,713	205,959	1,339	620	2,634	0
22	21	American Home Products Corp.	New York	395,718	(1.6)	169,367	226,351	87	1,400	543	0
23	25	Kellogg Co.	Battle Creek, Mich.	374,142	2.7	154,053	220,089	193	670	8	0
24	23	Coca-Cola Co.	Atlanta	370,379	(5.9)	148,244	222,135	5,227	668	16,608	0
25	24	General Electric Co.	New York	354,250	(5.1)	190,933	163,317	26,987	13,737	3,737	0
26	26	Bristol-Myers Co.	New York	330,997	(3.9)	155,866	175,131	1,880	295	460	0
27	30	Mars Inc.	McLean, Va.	312,607	13.4	139,735	172,872	507	184	1,255	0
28	36	Quaker Oats Co.	Chicago	309,239	14.8	149,199	160,040	1,671	1,748	3,847	0
29	33	U.S. Government	Washington	306,094	18.2	119,132	186,962	7,798	0	9,725	0
30	28	Nestle SA	Vevey, Switzerland	305,451	(4.3)	143,514	161,936	1,110	1,096	1,537	0
31	27	International Business Machines Corp.	Armonk, N.Y.	295,498	(9.9)	140,980	154,518	16,646	13,307	4,259	0
32	29	Sara Lee Corp.	Chicago	271,623	(5.0)	141,658	129,965	1,881	90	2,078	0
33	41	Tandy Corp.	Ft. Worth, Texas	262,161	40.3	196,900	65,261	0	2,068	1,293	0
34	35	Eastman Kodak Co.	Rochester, N.Y.	255,586	3.4	170,822	84,764	3,265	5,406	624	0
35	31	American Cyanamid Co.	Wayne, N.J.	248,460	(6.6)	187,476	60,984	3	749	2,594	5,376
36	34	Colgate-Palmolive Co.	New York	237,867	(4.9)	150,608	87,259	1,102	117	1,089	0
37	37	Sterling Drug	New York	220,727	(4.8)	103,663	117,064	654	301	851	0
38	63	Walt Disney Co.	Burbank, Calif.	219,138	56.5	150,213	68,925	3,835	1,443	2,537	0
39	32	H.J. Heinz Co.	Pittsburgh	217,413	(17.1)	130,249	87,164	421	1,136	891	0
40	45	Toyota Motor Corp.	Toyota City, Japan	208,877	21.4	27,116	181,761	22,878	932	6,489	189
41	55	Honda Motor Co. Ltd.	Gardena, Cal.	205,082	31.1	55,775	149,307	21,087	224	3,935	419
42	38	Campbell Soup Co.	Camden, N.J.	204,233	(5.3)	80,483	123,750	2,236	1,438	2,375	0
43	48	Schering-Plough Corp.	Madison, N.J.	203,359	18.6	103,337	100,023	141	1,236	1,694	436
44	56	Time Inc.	New York	190,587	21.8	37,111	153,477	13,951	5,564	4,503	0
45	47	American Express Co.	New York	190,002	11.8	55,518	134,484	13,498	1,866	3,067	0
46	39	CBS Inc.	New York	184,837	0.7	73,593	111,244	20,116	1,315	3,390	0
47	49	Nissan Motor Co. Ltd.	Carson, Calif.	180,136	10.8	38,095	142,042	17,627	1,248	10,382	149
48	62	Allegis Corp.	Elk Grove Township, Ill.	171,746	18.4	55,000	116,746	26,900	4,034	11,660	0
49	53	Pfizer Inc.	New York	171,139	8.0	102,600	68,540	225	3,294	0	1,067
50	40	Mobil Corp.	New York	167,777	(14.1)	114,903	52,874	7,912	2,564	9,598	265
51	46	IC Industries	Chicago	165,199	(7.8)	92,822	72,377	2,463	345	441	0
52	58	Goodyear Tire & Rubber Co.	Akron, Ohio	161,858	8.3	111,459	50,399	65	2,310	494	785
53	51	American Brands	New York	158,982	(0.8)	96,040	62,942	10,260	0	0	0
54	85	Mazda Motors Corp.	Hiroshima, Japan	156,846	32.2	37,322	119,524	13,514	1,265	788	0
55	43	Grand Metropolitan PLC	London	152,919	(4.5)	81,171	71,748	3,850	6	320	0
56	67	Volkswagen AG	Wolfsburg, W. Germany	152,211	27.4	27,261	124,950	15,914	208	1,576	0
57	60	Revlon Group	New York	149,225	(16.6)	74,211	75,014	534	219	1,269	0
58	54	Loews Corp.	New York	146,447	(6.7)	69,980	76,467	8,114	197	40	0
59	61	S.C. Johnson & Son	Racine, Wis.	144,617	(1.1)	64,148	80,469	522	208	1,451	0
60	192	Texas Air Corp.	Houston	132,287	106.5	22,711	109,576	63,417	1,142	18,146	0
61	83	Adolph Coors Co.	Golden, Colo.	130,609	24.3	43,508	87,101	1,486	271	7,637	0
62	50	Gillette Co.	Boston	129,574	(19.5)	60,220	69,354	436	186	242	0
63	74	Stroh Brewery Co.	Detroit	128,690	13.9	56,396	72,294	880	128	6,991	0
64	59	ITT Corp.	New York	126,344	(15.2)	84,455	41,890	2,239	6,133	0	0
65	69	American Dairy Farmers	Rosemont, Ill.	125,832	4.0	16,927	108,905	527	1,997	6,243	0
66	78	Bayer AG	Leverkusen, W. Germany	125,720	16.4	49,542	76,178	205	3,264	1,088	5,341
67	73	Hasbro Inc.	Pawtucket, R.I.	125,353	9.0	16,346	109,007	0	51	59	0
68	70	CPC International	Englewood Cliffs, N.J.	121,956	(0.4)	75,217	46,740	857	1,432	2,842	0
69	68	Cosmair Inc.	New York	120,410	(1.4)	40,807	79,603	835	0	381	0
70	82	Dow Chemical Co.	Midland, Mich.	119,508	13.8	29,272	90,236	47	4,314	523	1,388
71	129	E&J Gallo Winery	Modesto, Calif.	116,716	85.8	37,155	79,561	323	0	722	0
72	65	American Motors Corp.	Southfield, Mich.	116,222	(7.5)	29,342	86,880	9,824	284	1,757	0
73	42	Beecham Group PLC	Brentford, Middlesex, U.K.	115,877	(37.9)	49,705	66,172	205	398	36	889
74	57	GTE Corp.	Stamford, Conn.	115,340	8.7	48,218	67,122	18,140	3,907	8,066	0
75	106	Bell Atlantic Corp.	Philadelphia	114,517	63.4	65,376	49,141	6,233	1,510	6,542	0
76	81	AMR Corp.	Dallas	112,882	7.1	30,200	82,682	25,194	1,379	14,390	0
77	75	E.I. du Pont de Nemours & Co.	Wilmington, [illegible]	112,675	0.4	35,935	76,741	394	9,724	1,572	3,832
78	105	Nynex Corp.	New York	112,209	121.6	59,840	52,369	18,614	415	3,591	0
79	80	Noxell Corp.	Baltimore	112,[illegible]	5.0	47,240	64,871	0	144	1,046	0
80	71	Hershey Foods Corp.	Hershey, Pa	111,335	(7.4)	46,325	65,010	67	175	947	0
81	72	Wendy's International	Dublin, Ohio	110,001	(4.3)	26,300	83,701	0	0	391	0
82	104	Kroger Co.	Cincinnati	108,339	54.4	60,226	48,113	0	0	3,178	0
83	88	Delta Air Lines	Atlanta	104,554	5.0	31,498	73,056	22,309	949	21,708	0
84	84	Greyhound Corp.	Phoenix	103,396	0.7	47,078	56,317	5,196	168	3,661	0
85	-	US Sprint Communications Co.	Shawnee Mission, Kan.	102,467	88.0	33,500	68,967	44	495	0	0
86	86	MCA Inc.	Universal City, Calif.	101,671	(0.0)	40,903	60,768	1,581	19	4,127	0
87	44	B.A.T Industries PLC	Louisville, Ky.	100,059	(42.0)	44,682	55,377	5,139	0	2,611	0
88	120	Zale Corp.	Irving, Texas	99,106	51.8	63,737	35,369	0	0	6,260	0
89	87	Brown-Forman Corp.	London	98,921	4.9	35,899	63,022	5,469	0	2,647	0
90	96	Wm. Wrigley Jr. Co.	Chicago	96,243	18.0	8,060	88,183	0	34	462	0
91	76	Seagram Co. Ltd.	Toronto	94,932	(13.3)	23,893	71,038	6,417	603	519	0
92	64	Xerox Corp.	Stamford, Conn.	92,732	(28.1)	49,317	43,415	5,904	3,996	229	0
93	66	Warner Communications	New York	92,150	(22.7)	58,024	34,126	3,150	0	1,812	0
94	117	Hewlett-Packard Co.	Palo Alto, Calif.	91,684	37.9	59,314	32,370	158	8,036	56	0
95	79	Clorox Co.	Oakland, Calif.	89,923	(15.9)	22,863	67,061	423	1,165	150	0
96	90	Monsanto Co.	St. Louis	88,660	2.8	30,098	58,563	380	2,639	1,428	5,501
97	134	Pacific Telesis Group	San Francisco	87,851	41.5	42,454	45,397	8,896	48	1,472	0
98	111	Federated Department Stores	Cincinnati	85,519	23.2	46,814	38,706	0	0	2,909	0
99	141	May Department Stores	St. Louis	84,853	24.1	34,746	50,107	9,858	0	848	0
100	102	BellSouth Corp.	Atlanta	82,743	17.2	40,256	42,487	6,370	64	11,376	0

Sources: Newspaper from Media Records, business publications from Rome Reports, spot radio from Radio Expenditure Reports and farm publications from Agricultural Marketing Information Services (AGRICOM); except U.S. Government, from agencies of the federal government (see profile). See *Where Ad Age got its data*, Page 14. Note: Dollars are in thousands

Media spending by 100 leading advertisers

Rank		Advertiser	Headquarters	Total spending	Magazine	Newspaper supplement	Network TV	Spot TV	Network radio	Outdoor	Cable TV networks
1986	1985										
1	1	Procter & Gamble Co.	Cincinnati	$1,435,454	$86,506	$640	$456,324	$233,932	$13,879	$293	$27,673
2	2	Philip Morris Cos.	New York	1,364,472	230,130	17,307	342,444	134,725	7,750	61,283	22,186
3	4	Sears, Roebuck & Co.	Chicago	1,004,708	42,934	3,247	127,804	29,226	47,658	309	2,552
4	3	RJR Nabisco	Winston-Salem, N.C.	935,036	135,657	36,930	155,715	38,455	3,954	82,820	10,455
5	5	General Motors Corp.	Detroit	839,000	129,409	8,268	233,786	49,192	22,212	2,731	7,203
6	7	Ford Motor Co.	Dearborn, Mich.	648,500	125,071	3,853	188,815	55,821	14,871	2,134	4,748
7	10	Anheuser-Busch Cos.	St. Louis	643,522	18,335	910	177,496	97,999	16,529	6,664	19,487
8	9	McDonald's Corp.	Oak Brook, Ill.	592,000	609	0	193,002	128,180	0	5,544	1,820
9	8	K mart Corp.	Troy, Mich.	590,350	20,462	1,103	26,333	24,211	6,526	138	648
10	16	PepsiCo Inc.	Purchase, N.Y.	581,309	1,082	65	115,128	257,033	874	3,213	5,107
11	14	General Mills	Minneapolis	551,561	23,306	454	130,140	127,253	2,967	348	15,538
12	18	Warner-Lambert Co.	Morris Plains, N.J.	548,726	14,499	977	103,069	38,725	22,707	1	3,686
13	6	BCI Holdings	Chicago	535,852	15,682	563	58,710	47,798	4,361	229	950
14	19	Unilever N.V.	London	517,746	49,816	466	202,371	60,808	6,607	104	5,212
15	15	J.C. Penney Co.	New York	496,241	8,487	906	46,867	14,929	1,218	22	1,616
16	17	Pillsbury Co.	Minneapolis	494,877	7,011	134	105,052	125,218	0	1,340	1,549
17	12	Ralston Purina Co.	St. Louis	478,031	24,653	329	97,572	33,532	5,944	547	3,245
18	11	American Telephone & Telegraph	New York	439,919	74,015	3,751	135,162	41,124	22,552	91	3,191
19	13	Kraft Inc.	Northbrook, Ill.	437,952	33,823	2,083	88,446	61,803	2,637	73	1,775
20	22	Chrysler Corp.	Highland Park, Mich.	426,000	78,906	6.108	96,451	63,551	1,548	1,849	4,205
21	20	Johnson & Johnson	New Brunswick, N.J.	410,672	22,471	44	164,322	7,731	1,376	130	5,292
22	21	American Home Products Corp.	New York	395,718	14,802	239	186,428	13,634	2,397	0	6,821
23	25	Kellogg Co.	Battle Creek, Mich.	374,142	1,058	0	166,261	48,804	0	22	3,072
24	23	Coca-Cola Co.	Atlanta	370,379	5,712	161	99,381	82,993	2,222	3,166	5,997
25	24	General Electric Co.	New York	354,250	50,777	4,933	51,615	5,431	2,132	1,541	2,428
26	26	Bristol-Myers Co.	New York	330,997	30,249	630	128,521	8,055	0	0	5,041
27	30	Mars Inc.	McLean, Va.	312,607	15,343	0	84,983	48,065	4,765	102	17,668
28	36	Quaker Oats Co.	Chicago	309,239	18,688	233	88,322	41,726	1,450	0	2,356
29	33	U.S. Government	Washington	306,094	48,179	0	78,631	34,095	8,196	338	0
30	28	Nestle SA	Vevey, Switzerland	305,451	21,715	148	88,131	40,913	3,171	611	3,505
31	27	International Business Machines Corp.	Armonk, N.Y.	295,498	39,008	1,373	69,906	1,335	7,524	31	1,129
32	29	Sara Lee Corp.	Chicago	271,623	22,531	421	71,879	25,284	3,091	782	1,928
33	41	Tandy Corp.	Ft. Worth, Texas	262,161	9,470	29	45,586	3,185	2,733	0	897
34	35	Eastman Kodak Co.	Rochester, N.Y.	255,586	16,251	336	50,604	4,161	757	1,042	2,318
35	31	American Cyanamid Co.	Wayne, N.J.	248,460	14,113	144	21,648	11,682	2,910	222	1,543
36	34	Colgate-Palmolive Co.	New York	237,867	12,093	277	57,170	13,435	672	9	1,293
37	37	Sterling Drug	New York	220,727	9,595	980	87,019	5,338	6,158	0	6,169
38	63	Walt Disney Co.	Burbank, Calif.	219,138	6,665	98	10,515	42,684	0	184	965
39	32	H.J. Heinz Co.	Pittsburgh	217,413	15,934	24	42,440	25,613	2	23	681
40	45	Toyota Motor Corp.	Toyota City, Japan	208,877	21,533	444	33,104	90,292	0	2,014	3,887
41	55	Honda Motor Co. Ltd.	Gardena, Calif.	205,082	32,518	472	60,778	20,855	3,831	64	5,124
42	38	Campbell Soup Co.	Camden, N.J.	204,233	16,643	1,439	58,561	31,723	5,399	265	3,670
43	48	Schering-Plough Corp.	Madison, N.J.	203,359	21,863	135	55,940	3,306	11,442	679	3,151
44	56	Time Inc.	New York	190,587	51,167	2,034	4,275	54,988	936	24	16,037
45	47	American Express Co.	New York	190,002	30,912	793	57,291	23,996	2,244	54	763
46	39	CBS Inc.	New York	184,837	58,872	15,719	62	8,527	697	804	1,743
47	49	Nissan Motor Co. Ltd.	Carson, Calif.	180,136	20,297	34	46,266	44,426	0	1,020	592
48	62	Allegis Corp.	Elk Grove Township, Ill.	171,746	13,676	222	32,265	23,246	2,184	892	1,666
49	53	Pfizer Inc.	New York	171,139	20,775	75	41,548	1,258	0	2	296
50	40	Mobil Corp.	New York	167,777	3,957	415	10,619	16,285	90	66	1,103
51	46	IC Industries	Chicago	165,199	2,867	0	21,792	43,480	707	95	187
52	58	Goodyear Tire & Rubber Co.	Akron, Ohio	161,858	10,900	125	18,100	8,226	8,214	438	743
53	51	American Brands	New York	158,982	27,434	3,629	9,120	3,714	139	8,513	135
54	85	Mazda Motors Corp.	Hiroshima, Japan	156,846	31,524	0	45,075	25,281	315	6	1,756
55	43	Grand Metropolitan PLC	London	152,919	25,163	1,534	21,626	16,448	0	1,895	907
56	67	Volkswagen AG	Wolfsburg, W. Germany	152,211	37,265	423	49,418	19,238	0	75	833
57	60	Revlon Group	New York	149,225	31,936	1,141	29,075	9,851	0	0	988
58	54	Loews Corp.	New York	146,447	34,434	6,861	0	1,597	0	25,000	222
59	61	S.C. Johnson & Son	Racine, Wis.	144,617	13,438	617	54,200	6,194	2,474	0	1,366
60	192	Texas Air Corp.	Houston	132,287	4,074	97	435	19,489	0	2,557	218
61	83	Adolph Coors Co.	Golden, Colo.	130,609	942	0	45,857	28,186	0	1,161	1,562
62	50	Gillette Co.	Boston	129,574	12,815	139	39,452	8,109	237	0	7,738
63	74	Stroh Brewery Co.	Detroit	128,690	4,569	69	42,207	14,120	1,378	882	1,070
64	59	ITT Corp.	New York	126,344	14,887	389	7,764	7,986	530	1,181	779
65	69	American Dairy Farmers	Rosemont, Ill.	125,832	2,809	654	79,932	14,200	739	567	1,238
66	78	Bayer AG	Leverkusen, W. Germany	125,720	1,670	913	39,235	6,970	16,206	130	1,158
67	73	Hasbro Inc.	Pawtucket, R.I.	125,353	4,197	34	29,414	72,281	0	0	2,972
68	70	CPC International	Englewood Cliffs, N.J.	121,956	11,306	321	15,976	13,776	0	162	67
69	68	Cosmair Inc.	New York	120,410	24,370	873	37,293	14,830	0	0	1,021
70	82	Dow Chemical Co.	Midland, Mich.	119,508	12,566	6	55,350	10,609	4,621	56	756
71	129	E&J Gallo Winery	Modesto, Calif.	116,716	5,427	0	66,718	5,337	0	896	138
72	65	American Motors Corp.	Southfield, Mich.	116,222	17,083	0	50,585	3,767	106	31	3,437
73	42	Beecham Group PLC	Brentford, Middlesex, U.K.	115,877	5,903	0	47,010	5,508	5,082	0	1,142
74	57	GTE Corp.	Stamford, Conn.	115,340	6,180	78	14,152	16,145	24	351	80
75	106	Bell Atlantic Corp.	Philadelphia	114,517	7,546	67	0	26,692	0	320	232
76	81	AMR Corp.	Dallas	112,882	4,339	0	18,277	18,020	433	162	486
77	75	E.I. du Pont de Nemours & Co.	Wilmington, Del.	112,675	31,613	2,101	21,172	5,513	0	9	811
78	105	Nynex Corp.	New York	112,209	3,425	980	44	24,796	0	415	89
79	80	Noxell Corp.	Baltimore	112,110	22,485	0	37,361	2,749	3	38	1,045
80	71	Hershey Foods Corp.	Hershey, Pa.	111,335	10,403	138	26,289	23,099	2,130	53	1,710
81	72	Wendy's International	Dublin, Ohio	110,001	560	0	41,668	39,190	0	1,305	587
82	104	Kroger Co.	Cincinnati	108,339	787	0	1,846	39,666	0	2,341	295
83	88	Delta Air Lines	Atlanta	104,554	1,228	0	3,754	16,882	0	1,779	4,448
84	84	Greyhound Corp.	Phoenix	103,396	4,468	0	24,363	1,592	15,545	9	1,317
85	-	US Sprint Communications Co.	Shawnee Mission, Kan.	102,467	6,057	195	25,013	36,906	0	0	258
86	86	MCA Inc.	Universal City, Calif.	101,671	3,027	20	31,342	15,052	765	629	4,206
87	44	B.A.T Industries	London	100,059	19,775	1,700	0	6,006	0	20,146	0
88	120	Zale Corp.	Irving, Texas	99,106	2,399	175	17,217	3,297	5,783	2	236
89	87	Brown-Forman Corp.	Louisville, Ky.	98,921	24,185	4,664	16,210	4,402	0	4,938	506
90	96	Wm. Wrigley Jr. Co.	Chicago	96,243	4,147	0	52,759	22,527	2,578	0	5,677
91	76	Seagram Co. Ltd.	Toronto	94,932	23,369	3,177	21,124	3,166	1,959	10,140	567
92	64	Xerox Corp.	Stamford, Conn.	92,732	12,431	168	20,284	116	0	8	280
93	66	Warner Communications	New York	92,150	1,194	7	11,599	12,326	368	454	3,215
94	117	Hewlett-Packard Co.	Palo Alto, Calif.	91,684	3,440	0	20,547	42	0	1	91
95	79	Clorox Co.	Oakland, Calif.	89,923	7,436	0	39,022	12,059	1,362	0	5,444
96	90	Monsanto Co.	St. Louis	88,660	3,723	61	35,217	6,142	3,133	21	318
97	134	Pacific Telesis Group	San Francisco	87,851	3,628	62	0	31,066	0	225	0
98	111	Federated Department Stores	Cincinnati	85,519	3,167	453	0	31,761	0	417	0
99	141	May Department Stores	St. Louis	84,853	1,807	805	3,738	32,364	0	687	0
100	102	BellSouth Corp.	Atlanta	82,743	6,203	103	0	17,702	0	670	0

Sources: All media expenditures on this page from BAR/LNA reports, (see *Where Ad Age Got Its Data*, Page 14), except U.S. Government ad spending, from agencies of the federal government

Note: Dollars are in thousands

daily products like cheese and butter, it must raise its own funds. Says Sheldon Pratt, ceo of the Oregon Dairy Products Commission: "We won't develop our own cheese, or own butter programs. There's no point in duplicating the national programs." He then adds, "After all, there's more than enough money to go around in this industry for the dairy promotion we need."

In a significant agency change, the NDPRB in July 1987 switched the $22 million national cheese account from D'Arcy Masius Benton & Bowles, Chicago, to DDB Needham, Chicago. The Board had become dissatisfied with what it considered the too-highfalutin, gourmet flavor of D'Arcy's "Cheese, glorious cheese" (played to the tune of "Oliver's" "Food, Glorious Food"). DDB Needham's alternative was a more homey "Don't forget the cheese" proposal.

McCann-Erickson, San Francisco, which handles advertising for calcium, is doing the creative for adult fluid milk in western states and will start on "tweens" fluid milk in 1988. It lost children's fluid milk in August 1987 to Scali, McCabe Sloves, New York, which will pick up the account in the fall of 1988. For the ADA, DMB&B, Chicago, continues with adult fluid milk and REAL seal promotion.

New to the top chairman post at UDIA in 1986 was J. Douglas Webb, a Vermont Dairy farmer who replaces James P. Camerlo. Mr. Camerlo left to take the same position at the National Milk Producers Federation.

But does Vanna drink Coke?

Coca-Cola Co.'s acquisition of Merv Griffin Enterprises in 1986 brought the company "Wheel of Fortune," the nation's top-rated syndicated program in 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	527	205
Magazines	2,809	1,259
Newsp. supp.	654	140
Bus. pubs	1,997	389
Network TV	79,932	71,089
Spot TV	14,200	22,848
Network radio	739	1,930
Spot radio	6,243	4,730
Outdoor	567	617
Network cable	1,238	1,516
Total measured	108,905	104,723
Unmeasured	16,927	16,277
Total	125,832	121,000

AMERICAN DAIRY FARMERS

6300 N. River Rd.
Rosemont, Ill. 60018
(312) 696-1880

Marketing Personnel

Joe Kelsch, president, ADA-sr vp-mktg, United Dairy Ind. Assn.
Stephen Dohrmann, vp-mktg planning
Grover Simpson, vp-mktg svcs
Donna Arcus, dir-adv svcs
Amy Truitt, mktg mgr-mfg prods
Bob Ebel, mgr-promo planning

Advertising Agencies

D'Arcy Masius Benton & Bowles, Chicago—fluid milk, REAL Seal, misc prod promos, buffer—Ben Bishop, sr vp-mgmt super; Dave Urbaniak, vp-acct group super, field acct operations; Brad English, acct super, field acct operations; Andrea Dichter, acct super; Jim Moser, Kevin Brash, Lindy Williams, Bob Raidt, field acct execs.

Norton Associates, Chicago—foodsvc—Tom Hamilton, sr vp-genl mgr; Pat Venuso, acct exec.

NATIONAL DAIRY PROMOTION AND RESEARCH BOARD

Arlington, Va.

Marketing Personnel

George De Jager, sr vp-mktg & evaluation
Kitty McHugh, mgr-adv programs
Edith Hogan, vp-nutrition educ & rsch

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt Medical Advertising, New York—adv to med profession—Anne Petz, acct exec.

D'Arcy Masius Benton & Bowles, Chicago—cheese (ended Aug. 31, 1987), young adult fluid milk in U.S. except west coast—Bob Meuser, sr vp-mgmt super.

DDB Needham Worldwide, Chicago—cheese (effective Sept. 1, 1987)—Tom Hanft, sr vp-group acct dir.

Grey Advertising, New York—butter—Jordan Rosuck, exec vp.

McCann-Erickson, San Francisco—calcium, children's fluid milk (ended Aug. 31, 1987), adult fluid milk for Western U.S., "tweens" fluid milk (ages between young children and teens—(adv beginning in 1988)—Tom Drese, sr vp.

Scali, McCabe, Sloves, New York—children's fluid milk (beginning fall, 1988)—Don Essler, sr vp.

(In-House)—non-fat dry milk, trade adv.

CALIFORNIA MILK ADVISORY BOARD

Modesto, Calif.

Marketing Personnel

Adri Bondewyn, dir-comm

Advertising Agencies

Foote, Cone & Belding, Los Angeles—manufactured dairy prods—Harry Lamdseidel, acct super; Bill Greig, acct exec.

McCann-Erickson, San Francisco—fluid milk—Barbara McCann, acct super; Tracy Rice, acct exec.

WASHINGTON DAIRY PRODUCTS COMMISSION

Seattle, Wash.

Marketing Personnel

Doug Simpson, mgr

Advertising Agency

Ehrig & Associates, Seattle—dairy prods—Steve Matzen, acct exec.

OREGON DAIRY PRODUCTS COMMISSION

Portland, Ore.

Marketing Personnel

Sheldon Pratt, ceo
Peggy Kern, mktg dir

Advertising Agencies

(In-House).

RANK
45

American Express Co.

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	14,652	11,849	23.7
Net income	1,250	810	54.3
U.S.	**1986**	**1985**	**% chg**
Sales	11,826	9,433	25.4
Operating profits	1,365	933	46.3
Advertising	190	170	11.8
Division sales	**1986**	**1985**	**% chg**
Travel Related Svs	5,951	4,934	20.6
Shearson	4,600	3,246	41.7
Amex Bank	4,685	1,568	198.8
IDS Financial	2,395	2,201	8.8

After 15 years of gently challenging consumers with the classic "Do you know me?" TV campaign, American Express Co. is taking the "guesswork" out of its advertising by boldly touting famous cardholders. The company also seems poised to revolutionize the credit card industry with its new Optima card, which bears a finance charge that lowballs competing cards.

The company has adopted a two-pronged strategy to promote its cards. The effort began in March with a TV campaign using the theme "Membership has its privileges" that highlights the style and level of services provided to cardholders.

In June AmEx began a print campaign called "Portraits" (photographed by Annie Leibovitz) depicting famous cardholders and their length of membership. The group included former Speaker of the House Thomas "Tip" O'Neill, singer Amy Grant, athletes Willie Shoemaker and Wilt Chamberlain, opera singer Luciano Pavarotti, songwriter Quincy Jones and America's Cup skipper Dennis Conner. It takes a soft sell marketing approach.

The old campaign was "getting a little tired," says Edwin M. Cooperman, president of Consumer Card Group, USA, part of the company's Travel Related Services Co. The new Ogilvy & Mather campaign sharpens distinctions between American Express cards and others by stressing service through the membership concept.

The new approach drew a tart response from Visa USA, which ran ads with headlines such as "Membership has its disadvantages," accompanied by a map of Madrid identifying the larger number of establishments taking Visa over American Express. Mr. Cooperman says, "Most consumers feel fairly negative about that," adding the effort is actually promoting the new Optima card.

American Express' new themes follow a year of solid increases in AmEx advertising. The company increased total measured spending 12% to $134.5 million in 1986. Most of the increase was in network TV, up 41.8% to $57.3 million. By contrast, magazine spending slipped 10.2% to $30.1 million.

Big increases as measured by BAR/LNA went to credit card services, up 20.8% to $68.5 million. Travelers check spending was up 39.4% to $15.2 million. General promotion for Shearson Lehman Brothers rose 148% to $12.4 million.

Travel Related Services boosted its total revenues to $6 billion, up 21%, while net income was $599 million, up 16%. The worldwide number of cards in force rose 7% to 23.8 million, while charge volume rose 15%. The number of platinum cards stood at 150,000.

So far in 1987 TRS has launched two

Where Ad Age got its data

ADVERTISING AGE's 32nd annual ranking of 100 leading national advertisers includes 100 profiles and 17 charts. Profiles list marketing executives, current agencies and account personnel, as well as advertising expenditures, sales and earnings figures, market shares and other data.

The 200 largest advertisers in the U.S. are selected on the basis of measured ad spending only. (AD AGE will publish a directory of the second 100 leading national advertisers Nov. 23, 1987.) These 200 companies are then ranked by combined measured and unmeasured ad spending.

Ad expenditures are for U.S. only and reflect calendar 1986 and 1985.

Measured media

BAR/LNA reports supplies the bulk of measured media information. **Magazine** and **newspaper supplements** are supplied to Leading National Advertisers by Publishers Information Bureau. **Outdoor** is supplied to LNA by Outdoor Advertising Assn. of America and Institute of Outdoor Advertisers. **Network TV, spot TV, network radio** and **cable TV networks** are supplied by Broadcast Advertisers Reports. BAR/LNA's seven-media service also supplies brand and category spending by media.

Seven-media totals quoted in corporate profiles throughout this issue include only media listed in the preceding paragraph.

Other media expenditures listed include **newspaper** as supplied by Media Records, **business publications** as supplied by Rome Reports, **farm publications** as supplied by Agricultural Marketing Information Services (AGRICOM) and **spot radio** as supplied by Radio Expenditures Reports. Many thanks to the Radio Advertising Bureau in New York for its help in analyzing spot radio data.

PIB monitors 138 consumer magazines and *New York Magazine*, *Parade*, and *USA Weekend*. BAR monitors ABC, NBC and CBS TV networks; 319 TV stations in 75 top markets with continuous monitoring in New York, Los Angeles, Chicago, Philadelphia, Dallas and Atlanta; CBN, CNN, ESPN, MTV: Music Television, USA and WTBS cable TV networks continuously, and 17 radio networks including seven ABC networks, two CBS networks, three NBC networks, two United Stations networks and the Mutual, Satellite Music and Transtar radio networks.

O.A.A.A. and I.O.A. measure gross sales from more than 200 national poster and paint advertising plants in markets of over 100,000 population. Rome Reports monitors 567 business and trade publications. Media Records tracks 210 daily and Sunday newspapers.

Some measured media expenditures are restated to reflect corporate structure as of Dec. 31, 1986. Companies acquired prior to that date are included in the new parent's ad spending for full calendar 1986 and 1985 totals.

Likewise, units spun off before the end of calendar 1986 are subtracted unless otherwise noted.

Measured-media services vary in the way they track ad spending. Spot radio totals may not include all subsidiaries because RER does not always report full parent company spending. Also, Rome Reports tracks ad spending by division, rather than parent total.

Every effort has been made to give full parent company ad expenditures wherever possible.

These services also vary category breakouts. Category totals appearing in this issue reflect only BAR/LNA total spending, unless otherwise noted.

U.S. Government ad spending figures are supplied by agencies of the Federal government rather than measured-media sources.

Unmeasured spending

Unmeasured advertising figures are estimates and include direct mail, promotion, co-op and couponing to name a few. AD AGE beat reporters and corporate sources assist in providing unmeasured spending.

Sales and earnings

Sales and earnings figures are taken from public documents. Where private companies will not divulge this information, an estimate or an "N/A" is used.

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major products: a new card and gift checks. This March, AmEx cardholders began getting applications for the new Optima card, which allows them to charge on a revolving credit base with a 13.5% interest rate. The move came after "customers told us they like to buy on time," Mr. Cooperman says. Optima has a $15 annual fee and is available to U.S. cardholders with clean accounts and at least a year of membership. Platinum cardholders get it for free. Some industry observers predict that the mere presence of Optima may cause competitors to lower their card interest rates in an effort to retain and/or increase customers.

This July, American Express anouaced a line of gift checks aimed at the $45 billion monetary gift market. In denominations of $25, $50 and $100, the product works like a transferable travelers check. A $4 million ad campaign will run in November and December.

Travelers check sales rose 6.4% last year, to $17.1 billion. For the first half of 1987 sales were up 18% from the same period in 1986, says Thomas Cash, senior VP-marketing and sales for the Travelers Cheque Group USA. An Ogilvy & Mather TV campaign broke in March and will run through September. It depicts the difficulties faced by travelers caught without American Express checks. A radio campaign of 10 spots stresses actual stories of people recounting problem when they did not use the checks on vacation.

The company extended through the end of 1987 its Buyer's Assurance program, which extends the warranties of many products purchased with the card. The Global Assist program, offering emergency medical and legal help to travelers, was extended from platinum cardholders to all members.

In other TRS operations, the Direct Marketing Group USA was formed in 1986 to consolidate direct mail efforts. American Express Publishing Corp. purchased *New York Woman* in January from Esquire Magazine Group Inc., and launched editions of *Travel & Leisure* in Australia and New Zealand in conjunction with Australian Consolidated Press.

Shearson Lehman Brothers had revenues of $4.6 billion, up 42%, with net income of $316 million, up 57%. The marketing continued its "Minds Over Money" theme in two parts—on TV, a "pure corporate image" campaign using the theme of "Seeing the Possibility of Things," while a black-and-white print series called "Where We Stand" gave the Shearson viewpoint on various financial issues.

In February, Shearson switched its weekly newspaper ads from the *Wall Street Journal* to *USA Today*. The move retains an upscale audience but reaches readers with more interest in inquiring about Shearson's financial services, says Ms. Stewart.

Ms. Stewart says Shearson did a higher proportion of its spending in the first half of 1987 to address key economic issues such as new tax laws and stock market activity. Shearson also is spending more overseas—about $1.5 million this year and twice that in 1988. !ts print ads run in England and Japan and other parts of Europe and Asia.

Revenues for IDS Financial Services climbed 9% to $2.3 billion, while net income rose 27% to $96 million. Michael J. Rothmeier, vp-client acquisition, says recent marketing has focused on the pre-retirement audience segment—people in the 45 to 64 age range, especially 55 to 64. The marketing stresses financial planning as a key part of pre-retirement. IDS also tested more general TV/print campaigns in Los Angeles and Minneapolis/St. Paul with broader non-retirement themes.

AmEx sold its interest in Warner Amex Cable Communications back to Warner Communications in 1986 as an ongoing part of its selective divestiture strategy.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	13,498	14,864
Magazines	30,912	33,593
Newsp. supp.	793	1,083
Bus pubs	1,866	1,087
Network TV	57,291	40,448
Spot TV	23,995	19,806
Network radio	2,244	2,980
Spot radio	3,067	5,575
Outdoor	54	31
Network cable	763	819
Total measured	134,484	120,285
Unmeasured	55,518	49,657
Total	190,002	169,942

AMERICAN EXPRESS CO.

American Express Tower
World Financial Center
New York, N.Y. 10285-3130
(212) 640-2000

TRAVEL RELATED SERVICES

New York

Marketing Personnel

John A. Crewe, vp-svc establishment mktg, U.S. & natl accts.
Norma Arnold, vp-personal cardmember mktg
Joan Bonnette, vp-personal card comm & adv
Pam Guyot, vp, gold card comm & adv
William S. Robinson, vp, platinum card mktg
Ann Busquet, vp-mktg & sales, Optima card div
Debra Isenberg, sr vp-business devel & database mgmt, dir mktg div
Thomas F. Cash, sr vp-FSI mktg & sales, Travelers Cheque div
Pamela Paul, vp-travel direct mktg & mktg svcs
Steve Alesio, vp-travel mgmt svcs mktg

Advertising Agencies

McCann-Erickson—gold card—Ed Comiskey, exec vp-group dir; Ian Hooper, sr vp-mgmt super. Travel—Linda Boothby, vp-acct super.

Ogilvy & Mather, New York—Brendan Ryan, exec vp-mng dir; Tim Elliott, sr vp-group dir. Card—Scott Marshall, sr vp-mgmt super. Travelers cheques—Steve Calabrese, vp-mgmt super. Corporate card—Steve Harty, vp-mgmt super. Travel related services—Keith Bainbridge, vp-mgmt super.

SHEARSON LEHMAN BROTHERS

New York

Marketing Personnel

Joseph Plumeri, sr exec vp-dir mktg & sales
Cathleen B. Stewart, sr vp-dir mktg
Robert Leo, exec vp-dir natl sales
Catherine Kaputa, vp-dir adv
Myra Rothfeld, vp-dir, direct mktg

Corporate Media Buying

Media Placement Services, New York—placement—June Spirer, president.

Advertising Agency

Madris, Nelson & Colleagues, New York—creative and production—Ira Madris, Bruce Nelson, principals.

IDS FINANCIAL SERVICES

Minneapolis, Minn.

Jeffrey Stiefler, exec vp-mktg & sales
Reed Saunders, sr vp-mktg
Michael J. Rothmeier, vp-client acquisition
Diane Hummon, segment mktg mgr

Advertising Agency

Ogilvy & Mather, New York—Brendan Ryan, mng dir, worldwide mng super, Am. Express; Tim Elliott, sr vp-group dir; Steve Harty, vp-mgmt super; Denise Johnson, vp-acct super; Malcolm End, sr vp-creative dir.

American Home Products

RANK
22

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,927	4,685	5.2
Net income	779	717	8.6
U.S.	**1986**	**1985**	**% chg**
Sales	3,682	3,637	1.2
Operating profits	1,009	1,002	0.7
Advertising	396	402	(1.6)
Division sales	**1986**	**1985**	**% chg**
Prescription drug	2,560	2,524	1.4
Packaged med.	814	642	26.8
Food, household	1,552	1,519	2.2

Advil continues to be the fastest-growging over-the-counter product at American Home Products Corp. Housed in AHP's packaged medicines division, the 1984-introduced ibuprofen-based analgesic helped push sales in the division up 26.8% in 1986, far outstripping the modest growth recorded in other areas of the company.

Sales of the pain reliever doubled in 1986 as Advil, produced by AHP's Whitehall Laboratories, amassed a 9%-plus share of the $1.7 billion OTC analgesics category, according to Oleh Denysyk, pharmaceutical specialist with Fairfield, N.J.-based Kline & Co., a marketing consultant company. Advil captured 6% of the overall market in 1985.

But success has its price, and the exclusivity which Advil enjoyed ended last September when the analgesic became open to competition. American Home Products and Bristol-Myer's (Nuprin) were granted two years of exclusive marketing of their ibuprofen products, a marketing grace period allowed by legislation governing new forms of drugs.

Wielding a media budget approaching $47 million, Advil sought to gain a lasting

PRESSURE YOUR COMPETITION
LIKE THEY'VE
NEVER BEEN PRESSURED BEFORE!

INTRODUCING PRESSURE MARKETING FOR 1988

Welcome a fresh new strategy that puts pressure squarely on the competition in a way that they will find hard to monitor and even more difficult to neutralize.

It's called **Direct Pressure Marketing**™, and its roots come from **JFY Audit America**®, the nation's largest builder of customized brand user audiences.

For the past six years, we have been working quietly with some of the country's largest packaged goods companies under confidential arrangements that have dramatically changed the way they confront competition today.

In one case, **Direct Pressure Marketing**™ began in 1980 and has expanded each year without interruption. In fact, it now represents an important share of this advertiser's annual corporate marketing budget of several hundred million dollars.

And, they have been our oldest and largest customer.

To arrange a private, confidential and quietly informal disclosure meeting with our top management, call or write today. We'll show you just how vulnerable your competition can be, and how you might best apply **Direct Pressure Marketing**™ to your benefit.

Call or write today:

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Office of the President
35 Pinelawn Road, Melville, NY 11747
In New York: 1-800-632-9381
Elsewhere: 1-800-645-0220

AA-3
Send more information about Pressure Marketing to:
Name ____
Title ____
Company ____
Address ____
City ____ State ____ Zip ____
Telephone ____
JFY Audit America® 35 Pinelawn Rd, Melville, NY 11747

JFY AUDIT AMERICA
"MAKING COMPETITION VULNERABLE TO DIRECT PRESSURE MARKETING"

impression in consumers' minds before competitors could make headway. A caplet version was introduced to complement the familiar brown tablet form.

Whitehall attempted to defend even the exclusivity of its colored tablets from generic competitors. It sued the Allegan, Mich.-based L. Perrigo unit of Grow Group Inc., makers of a brown-colored, generic ibuprofen tablet. AHP ultimately lost the suit. AHP has further segmented the ibuprofen market with its menstrual cramp reliever product, Trendar, which, via a $6 million print and TV campaign from Kornhauser & Calene, is billed as "Today's choice for menstrual pain," in the $50 million segment.

The ibuprofen market segment is worth about $325 million, of which Advil holds an estimated 60%, says analyst, Mr. Denysyk. Advil spending also outstrips its major competitors: Bristol-Myers Co.'s Nuprin, which spent $36.3 million in measured media in 1986, and Johnson & Johnson's Medipren, which spent $12.4 million.

Anacin, another Whitehall product, remained the leading aspirin-based brand. It gained two line extensions in 1986—caplets and coated tablets—while holding a 6.5% share of the analgesics market, according to Mr. Denysyk. Measured media spending for Anacin products grew 8.4% to $45.1 million in 1986, with the largest single expenditure for an Anacin-line product going for acetaminophen-based Anacin-3, which had close to $20 million in measured media support, up 18.3%.

Among other Whitehall products, backing in measured media for Preparation H fell 23.7% to $8.7 million and support for asthma reliever Primatene dropped 33% to $5.6 million. Both products continue to lead their respective segments. Denorex medicated shampoo received $6.3 million, the same as in 1985; and measured spending on Dristan, mostly in network TV, dropped 26% to $14 million.

AHP's Ayerst Laboratories spent $6.3 million in measured media for Riopan antacid, down 22.2%, and introduced Fiber Guard, an all-natural, high-fiber supplement in November. No measured spending showed up in 1986 for the product, which competes in an actively growing reducing aids market dominated by big spending in measured media from Ciba-Geigy Ltd.'s Acutrim ($8.3 million), Schering-Plough Corp.'s Fibre Trim ($16.5 million) and Thompson Medical Co.'s Dexatrim.

AHP sold E.J. Brach Corp. of Chicago, leaving it with two divisions—American Home Foods and Boyle-Midway—in the heavily advertised food and household products division.

Operating profit for the year was up at both American Home Foods and Boyle-Midway. American Home Foods continued to lead the $450 million convenience pasta category with its Chef Boy-Ar-Dee line. Two new products were introduced, including Tic Tac Toe's, a canned convenience food with youth appeal, and a more mature pasta offering, a Panzerotti mix, which currently is being introduced in selected regions of the country. The Chef Boy-Ar-Dee line was backed with more than $13 million in measured spending last year.

AHP's Boyle-Midway launched an all-natural formulation of its leading cooking spray, Pam, which received nearly $10 million in measured media support. The Pam account shifted from BBDO, Chicago, to Young & Rubicam, New York, in 1986. Y&R also got Wizard air freshener, an estimated $3 million account, from Hicks & Greist, New York.

Boyle-Midway spent $5.1 million in measured media on Black Flag insecticides, up 8.5%. It reduced spending by 21% on Easy-Off oven cleaner to $3.2 million and boosted spending 21.2% on Woolite to $14.3 million, the main difference being an increase of $2 million for Woolite Liquid Cold Water Wash.

AHP spent $5.1 million in measured media on Brach candy compared with $6.4 million in 1985. Chicago-based Brach was sold for $730 million in cash in December to Jacobs-Suchard Ltd., a Swiss manufacturer of candy and coffee products.

AHP suffered a setback in the prescription drug market when sales for its heretofore biggest earner, the hypertensive beta-blocker, Inderal, continued to fall because of competition from generics. Ayerst's $275 million in Inderal sales last year represented a 53% drop in gross sales over the prior year. Inderal's recent approval for tremor and pediatric hypertension is expected to enhance sales.

Last fall, the Food & Drug Administration turned down AHP's new drug application for the anti-diabetic Alredase, citing the need for additional tests. The decision could result in a delay of several years for the product. Value Line Investment Survey analyst T. P. Au predicts that AHP will not be introducing any major new drugs in 1987. Last year, AHP's two prescription drug units sold $2.7 billion worth of medications.

Sherwood Medical introduced a revolutionary product into the market in 1986, the Argyle Hepatic Venus Shunt, which permits blood to reach vital organs during lengthy liver transplant surgery.

The new year at American Home Products began with a new chairman-ceo: John R. Stafford succeeded the retiring John W. Culligan, who remains as chairman of the corporation's executive committee and as a director.

AHP offered a reported $2 billion for A.H. Robins Co., Richmond, Va., this past February, but withdrew its bid after reconsidering the litigation risks. Robins is facing bankruptcy proceedings stemming from suits filed by users of its ill-fated Dalkon Shield contraceptive device.

AHP's Sherwood Medical gained Hospital Products Division from Chesebrough-Pond's Inc. in October for a reported $260 million cash. The AHP-acquired division had accounted for 3% of C-P's $2.7 billion in 1985 revenues. C-P's itself was purchased by Unilever.

On Aug. 27, 1987, AHP announced the consolidation of its Wyeth Laboratories & Ayerst Laboratories divisions. The new name is Wyeth-Ayerst Laboratories Division of AHP. The chairman is Bernard Canavan, MD, and Judson St. John is president.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	87	89
Magazines	14,802	17,349
Newsp. supp.	239	86
Bus.pubs.	1,400	539
Network TV	186,428	183,394
Spot TV	13,634	21,587
Network radio	2,397	925
Spot radio	543	1,283
Outdoor	0	3
Network cable	6,821	4,720
Total measured	226,351	229,974
Unmeasured	169,367	172,078
Total	395,718	402,052

AMERICAN HOME
PRODUCTS CORP.
685 Third Ave.
New York, N.Y.
(212) 878-5000

Corporate Media Buying

(In-house) John F. Murray Advertising Agency—Richard Feldheim, president; Judith A. Bloedorn, vp-dir, local broadcast operations, syndication and computer operations; Katie Coke, vp-dir, radio operations; Thomas Del Priore, vp-dir, new technology and print; Marianne McArdle, vp-dir, natl tv operations.

AYERST LABORATORIES
New York

Corporate Personnel

Judson St. John, president

Marketing Personnel

Arnold Somin, exec vp-operations
John Leone, sr vp, mktg operations
Joel W. Last, vp-mktg & sales, consumer prods
Andrew Panagy, dir-ethical mktg
Peter DeCrescenzo, dir-consumer mktg

Advertising Agencies

Calvillo, Shevack & Partners, New York—Fiber Guard—Brett Shevack, president.

Klemtner Advertising, New York—Riopan (ethical), Dermoplast, Premarin, Premarin vaginal cream, Mysoline, Atromid-S, Posture (ethical), Aygestin, Factrel—Gavin A. Scotti, exec vp.

Lally, McFarland & Pantello, New York—Inderal tablets, Inderal LA, Inderide tablets, Inderide LA—Ron Pantello, president.

William Douglas McAdams, New York—Alredase, Ultradol, Antabuse—William F. Wolf, exec vp.

Saatchi & Saatchi DFS Compton, New York—Posture (consumer), Riopan (consumer)—David Basch, exec vp.

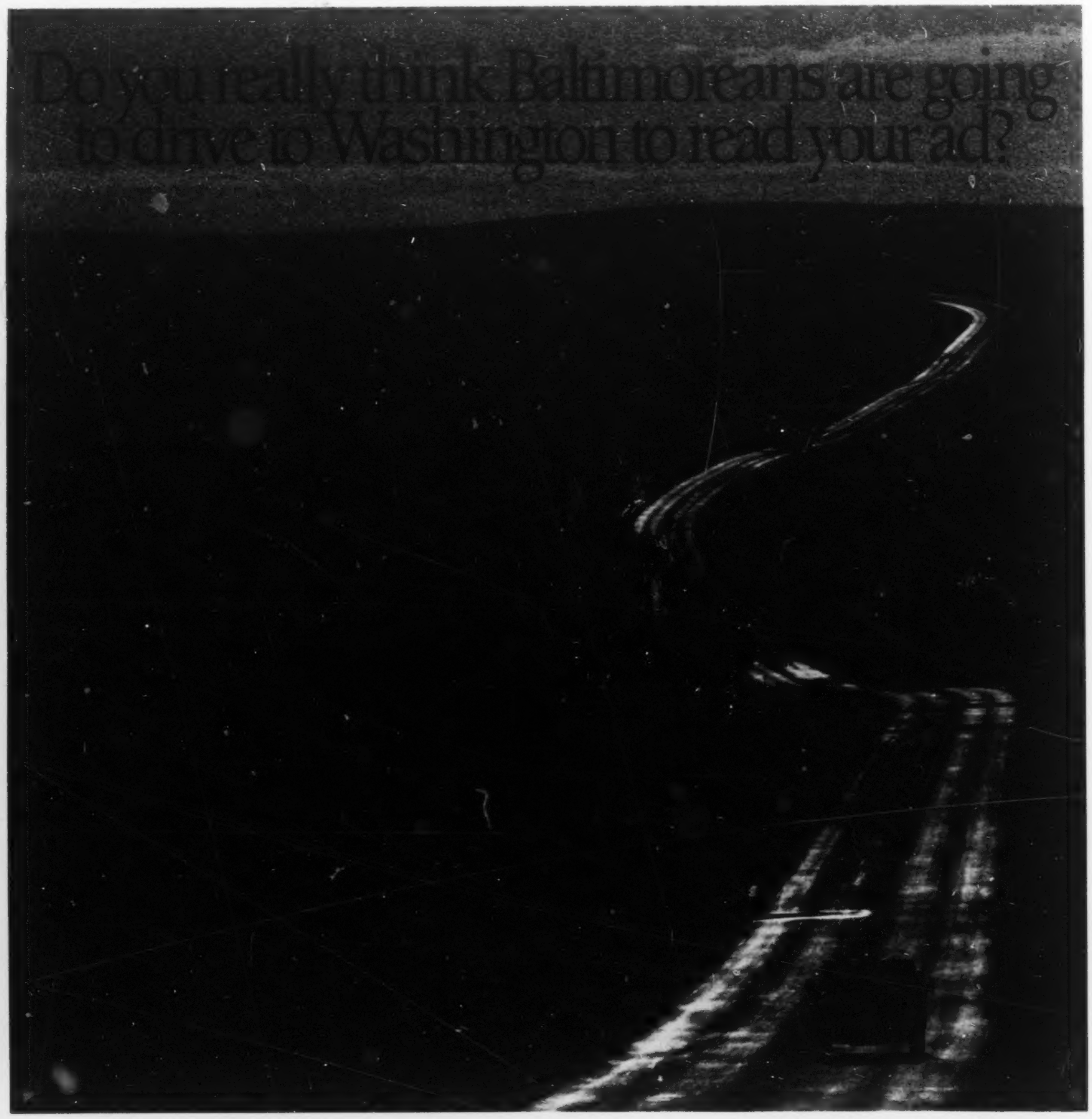
WYETH LABORATORIES
Radnor, Pa.

Corporate Personnel

Bernard Canavan M.D., president

Marketing Personnel

Thomas G. Cavanagh, sr vp-mktg & sales


Do you really think Baltimoreans are going to drive to Washington to read your ad?

Forty-five miles of road separate Baltimore from Washington. Forty-five miles, three counties and one state line. And that's just a drop in the bucket compared to the distance in terms of reading habits.

So if you're still buying The Washington Post in order to get a foothold in Baltimore, you are way off the mark. Not even close. Which is rather unfortunate considering the mark in question spends a cool $14 billion a year.

That's right. Baltimoreans spend $14 billion a year on products whose advertising they actually get to see. In other words, on products that appear in The Baltimore Sun. The only newspaper than can and does deliver Baltimore. In fact, does it so well, it's now recognized as the third fastest growing newspaper among people with household incomes of $50,000 plus.

So, if you want to reach the Baltimore market, there's only one route you can take. The Baltimore Sun.

THE BALTIMORE SUN

Charles H. Brantley, vp-sales devel
John T. Spitznagel, vp-mktg
Martin M. Meaney, asst vp-mktg
Edward F. Marcoon, dir-sales, natology group
David O. Swingle, dir-sales, therapeutics group

Advertising Agencies

F. Scott Kimmich & Co., South Norwalk, Conn.—Wytensin, Sectral, Cordarone, Ativan Injection, Cerubidine, Equagesic, Mazanor, Mepergan, Wygesic—Paul K. Tracey, vp-mgmt & client svcs; Mary Walsh, acct exec; Art Chavez, acct coord.

Klemtner Advertising, New York—Orudis, Serax, Synalgos DC & DC-A, Ativan Oral, Surmontil—Gavin Scottie, exec vp-dir-client svcs; Sander Flaum, exec vp-dir-mktg; Tony Correia, sr acct super; Greg Gull, vp-acct super.

Roberts & Raymond, Philadelphia—Collyrium, Phenergan syrups and suppositories, Wyanoids—Gary See, Michelle Hollenbach, acct execs.

William Douglas McAdams, New York—Tubex, Antacids, Deponit, Isordil, Triphasil, Ovral, Lo/Ovral, Nordette, Phenergan Injection, Resol, SMA, Nursoy—Anthony D'Onofrio, president; John LaMare, vp-acct super; Jay Carter, Pat Plonski, acct supers.

BOYLE-MIDWAY
New York

Corporate Personnel

T.J. Host, president

Marketing Personnel

Rick Donnelly, vp-category dir
Ellen Schapps, vp-services
Ken Lagana, adv dir

Advertising Agencies

N W Ayer, New York—Antrol, Snarol, Easy-Off mildew stain remover, Easy-Off glass cleaner, Wizard charcoal lighter, Woolite (various prods)—Jim Polizzi, sr vp-mgmt rep; Joe Levene, vp-acct super.

Kornhauser & Calene, New York—Griffin shoe polish, Black Flag, Depend-O, Old English, Easy-On starch, Zud, Plastic Wood, 3-in-1 oil—Dick Geyer, exec vp.

McCann-Erickson, New York—Sani-Flush (various prods), Woolite Gentle Cycle, Easy-Off oven cleaner, Noxon—Mike Mainthow, mgmt super.

Young & Rubicam, New York—Holiday, Pam, Wizard air freshener, Dry Breezes, Gulf-Lite charcoal lighter—Jordan Stanley, vp-mgmt super.

WHITEHALL LABORATORIES
New York

Corporate Personnel

L. Randall Yates, president

Marketing Personnel

Andrew Davis, vp-mktg
G.B. Prince, vp-mktg
Lyn Ciocca, vp-mktg
Steve Palmisano, adv dir

Advertising Agencies

William Esty Co., New York—Anacin, Maximum Strength Anacin, Compound W, Dristan Tablets, Heet, Momentum, Oxipor, Preparation H, Quiet World, Viro-Med—George Biava, sr vp-mgmt dir; Tom Perotta, sr vp-mgmt super; Ed Bauccio, vp-mgmt super; Deborah Dick-Rath, vp-mgmt super; Marianne Jones, acct super.

Kornhauser & Calene, New York—Anacin 3, Children's Anacin 3, Dry & Clear, Denorex medicated shampoo, Freezone, Outgro, Primatene, Trendar, Youth Garde—Alan Yarnoff, exec vp-mgmt super; Mike Detels, Jim Harragan, Martin Bowen, vps-acct supers.

McCann-Erickson, New York—Dristan sprays—Gunnar Wilmot, sr vp-group mktg dir; Tom Beach, vp-mgmt rep.

Young & Rubicam, New York—Advil, Anbesol, Arthritis Pain Formula, Bronitin, Neet, Semicid, Sleep-Eze—Patrick Knisley, vp-mgmt super; Jeff Frankum, Paul Lorant, vps-acct supers.

FORT DODGE LABORATORIES
Fort Dodge, Iowa

Corporate Personnel

E.T. Corcoran, president

Marketing Personnel

J.A. Bixler, vp-sales & mktg
W.E. Ryan, dir-adv

Advertising Agency

The Brady Co., Menomonee Falls, Wis.—Burt Hutchison, sr vp.

AMERICAN HOME FOODS
New York

Corporate Personnel

D.P. Jaicks, president

Marketing Personnel

Charles LaRosa, sr vp-mktg
Karl H. Becker, vp-mktg svcs
John Hittson, vp-prod mgmt
Jules N. Neuberger, adv dir
Albert J. Soricelli, vp-new ventures

Advertising Agencies

N W Ayer, New York—Chef-Boy-Ar-Dee pizza mix & sauce, dinners, panzerotti mix, Gulden's mustard, Jiffy Pop popcorn, Luck's beans, Ranch Style beans, Mamma Leone pasta in a jar, Dennison's chili, new prods—Maureen Mara, mgmt rep; Mary Emich, Debra Ludgate, vps-acct supers.

Young & Rubicam, New York—Chef Boy-Ar-Dee canned pastas, Crunch 'n Munch, new prods—Art Klein, exec vp, AHPC acct; Jane Brite, mgmt super; Sean Healy, acct super.

SHERWOOD MEDICAL CO.
St. Louis

Corporate Personnel

David A. Low, president

Marketing Personnel

Terry Broers, sr vp-genl mgr, intl
Thomas Cekoric, vp-genl mgr, API

Advertising Agency

Frank Block Associates, St. Louis—Sherwood—Robert Brace, acct exec.

Which advertisers are fueling the boom in outdoor advertising?

Turn to LNA for answers.
See page 57

WHY BE A LITTLE FISH IN A BIG POND?

LAUREL-HATTIESBURG, MISSISSIPPI

TV, VCR AND TAPE SALES EARN HIGH RATINGS IN LAUREL/HATTIESBURG.
Laurel/Hattiesburg, Mississippi, outspends Buffalo, New York, the 35th-ranked HH ADI in the United States, for TV, VCR and Tape sales-per-household. By 1990, Total Retail Sales in Laurel/Hattiesburg are projected to increase 52%, outspending projected Total Retail Sales increases in Mississippi, the East South Central Region and the entire United States, proving that Laurel/Hattiesburg is truly a video marketer's mecca.

WDAM-TV DOMINATES THE MARKET.
We're the #1 station sign-on to sign-off. We have the facts, figures and programming, including the #1 news in the nation, to help your sales rate higher in the Southeast's picture-perfect market, too.

BE A BIG FISH

BEAM COMMUNICATIONS

WDAM-TV, NBC, Laurel/Hattiesburg, MS
KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power – February 1987 Nielson
© 1987 Beam Communications

Represented by Katz Continental Television

WDAM-TV NBC
LAUREL-HATTIESBURG, MISSISSIPPI

American Motors Corp.

RANK 72

Southfield, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,500	4,040	(13.4)
Net income	(91)	(125)	27.2
Advertising	116	126	(7.5)

Buoyed by a healthy demand for four-wheel-drive vehicles and improved cost efficiencies, American Motors Corp. began its long-awaited financial turnaround in late 1986 and early 1987, which ended up serving as a prelude to the buyout of AMC in mid-1987 by Chrysler Corp.

The company posted a fourth quarter 1986 profit of $20 million, its first sign of black ink in two years. That was followed by two back-to-back profitable quarters in 1987 when AMC earned $53.6 million. Market share for AMC/Jeep in the light-duty truck category also improved from 4% in 1985 to 4.4% in 1986.

The turnaround for Detroit's perennial also-ran automaker came from the continued popularity of the company's Jeep vehicles and the effects of cost-cutting measures begun in 1985. The company also introduced a variety of new products to compete in segments where it was long absent.

In the 1987 model year, AMC introduced its Alliance GTA, a performance version of its beleaguered Alliance subcompact. AMC also brought its Encore models under the Alliance nameplate and dropped its Renault Sportwagon.

Three Jeep models also received a new optional 2.5 liter, V-6 engine from AMC, giving the Comanche, Cherokee and Wagoneer models extra towing capacity and performance capabilities. Also in the Jeep lineup, AMC added a shortbed pickup truck to its Comanche series. The new model boasted a base price of $6,495 to better compete for cost-conscious young buyers who have been turning to pickups as an alternative to passenger cars.

In March 1987, AMC introduced the 1988 Renault Medallion sedan and wagon models from France to help the automaker compete in the compact market. It also added an ultra-plush version of its Jeep Cherokee—called Cherokee Limited—in order to take on England's Austin Rover $30,000-plus Range Rover sport utility vehicle that bowed in March 1987.

AMC used actor George C. Scott as its company spokesman for Renault products such as the Alliance and Medallion. The actor's 14-month, $1 million contract, which was signed in April 1986, wasn't renewed when it expired in 1987 because of the pending acquisition by Chrysler.

Measured spending on Renault nameplates dropped 40.4% to $22.7 million, according to Leading National Advertisers. Measured advertising for the Encore dropped from $7.3 million in 1985 to $721,000 in 1986, since the model was brought under the Alliance banner. However, the difference was not made up on the Alliance side. Total advertising for Alliance and Encore dropped 105% to $18 million in 1986.

Jeep advertising continued to carry the theme line "Only in a Jeep," and concentrated on the sport utility vehicle's versatility and its new six-cylinder engine for the XJ series.

Measured spending for Jeep nameplate vehicles grew 38.2% to $41.6 million, with the Comanche and Cherokee receiving almost equal spending of about $14 million each, both up about $2 million from the prior year.

AMC announced that Jeep will become the official truck and sport utility sponsor of the 1988 Olympics in Seoul, South Korea. Several merchandising and media promotions are planned in connection with Jeep's Olympic tie-in.

In June 1987, AMC's advertising agency, Saatchi & Saatchi Compton, Southfield, Mich., announced it would become part of New York-based William Esty Co. to avoid conflicting with the Toyota Motor Sales USA account handled by DFS Dorland. DFS Dorland and Saatchi & Saatchi Compton (minus the Detroit office) merged to form Saatchi & Saatchi DFS Compton Inc.

Even before Chrysler began its acquisition, AMC signed an agreement with Chrysler to build large, rear-wheel-drive cars for the larger automaker at AMC's underutilized Kenosha, Wis., plant. Production for those vehicles began in February 1987, after extensive employee training and renovations to the plant.

The Kenosha contract, which ultimately led to the Chrysler buyout, marked the first time a domestic automaker had produced cars for another in its own plant. Discussions between Chrysler Chairman Lee Iacocca and Renault Chairman Georges Besse in March 1986 concerning the production of Chrysler cars at Kenosha later evolved into Chrysler's interest in buying Renault's stake in AMC. Chrysler wanted AMC's Jeep lineup in order to better compete in the burgeoning sport utility market, a segment in which Chrysler lacked a formidable competitor. It also coveted AMC's $400 million ultramodern, Bramalea Assembly Plant in Brampton, Ontario, as well as AMC's network of 1,400 dealers.

Renault, France's state-owned automaker, facing heavy losses in its own market and forced to lay off hundreds of French workers, was receiving pressure from its unions to cut off investment in AMC and to concentrate on its home turf.

Discussions abruptly ended when the Renault chief was assassinated outside his Paris home in November 1986. His successor, Raymond Levy, completed negotiations with Mr. Iacocca for the purchase of Renault's 46.1% stake in AMC for $235 million that could burgeon to $350 million in contingency payments based on future AMC profits. Stockholder approval came Aug. 5, 1987.

AMC has now been reborn as Chrysler's Jeep/Eagle division. The Jeep brand will continue to contain sport utility vehicles; the Eagle nameplate will encompass passenger cars. Chrysler plans to carry out AMC's plan to introduce the Premier intermediate car on Nov. 8. The car will be built at the Bramalea assembly plant.

A number of former AMC executives and marketing managers were brought over to Chrysler to help run the newly acquired company. AMC President Joseph Cappy was appointed group VP of Jeep/Eagle marketing. Francois Castaing, a former Renault executive and most recently AMC VP-product and quality, was named VP-Jeep and Truck Engineering. John Tierney, formerly AMC VP-cfo, was appointed chairman of Chrysler Financial Corp. Martin Levine, former AMC marketing manager, was named Jeep marketing manager. David Kerr, AMC director of advertising and marketing planning, was appointed Jeep advertising manager.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	9,824	9,902
Magazines	17,088	23,761
Newsp supp	0	294
Bus pubs	284	384
Network TV	50,585	52,690
Spot TV	3,767	3,519
Network radio	106	0
Spot radio	1,757	1,489
Outdoor	31	193
Network cable	3,437	1,708
Total measured	86,880	93,941
Unmeasured	29,342	31,727
Total	116,222	125,668

AMERICAN MOTORS CORP.
27777 Franklin Rd.
Southfield, Mich. 48034
(313) 827-1000

Marketing Personnel

Joseph Cappy, group vp, Jeep/Eagle
Ralph Sarotte, genl mkt mgr, Eagle
Martin Levine, genl mkt mgr, Jeep
David Kerr, adv mgr, Jeep
Michael Savod, adv mgr, Eagle

Advertising Agency

William Esty Co., Southfield, Mich.-David Welch, chmn-ceo; Dick Johnson, president, exec creative dir; David Von Peursem, sr vp-mgmt dir, Jeep; Rick Paschke, vp-mgmt dir, media; Mike Vogel, sr vp-mgmt dir, Eagle.

Sirena out to dunk competitors

Sirena, the swim/leisurewear unit of Sara Lee Corp., is after market share through segmentation. It has inked a deal with Anne Klein for designerwear for 1988, will roll out its W-A Swimclub line to high-end retailers in October 1987, and introduce a cotton lycra line—all to gain a beachhead from Rosemarie Reid, Cole of California, Jantzen, Catalina and Gottex in the tightly packed market.

American Telephone & Telegraph

RANK **18**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	34,087	34,417	(1.0)
Net income	139	1,557	(91.1)
U.S. advertising	440	521	(15.6)

Since the January 1984 breakup of American Telephone & Telegraph Co., it has become clear that the communications giant is on the right road but in the wrong lane. The year 1986 marked AT&T's attempt to change course through internal restructuring and by stimulating demand for products and services relating to its core business of moving and managing information.

AT&T put its advertising costs at $776 million worldwide in 1986, up 11.5% over 1985. However, the 1986 figure represents only a slight increase from AT&T's reported spending of $772 million in 1984. AT&T's figures include all spending for media, research, agency work and salaries. AD AGE's estimate of $439.9 million in measured media and unmeasured forms of advertising in the U.S. in 1986 is down 15.6% from 1985.

AT&T's spending patterns shifted in 1986 away from corporate identity themes designed to establish the AT&T brand name in the wake of the divestiture of the seven regional Bell companies. AT&T now is stressing three core functions: long distance services, communications equipment for the home and office and network telecommunications equipment. Measured spending for AT&T Communications jumped to $16.4 million in 1986 from about $500,000 in 1985, for example, according to BAR/LNA, which monitors seven media.

As another example of its changing approach, AT&T reactivated its "Reach out and touch" campaign in May 1986. The campaign to stimulate use of long distance service had been shelved for two years.

"In 1985 and 1986 there is no question that we were single-mindedly asking people to choose AT&T when obliged to make a choice of a long distance carrier," says Kim McIver Armstrong, director of long distance and international advertising, Basking Ridge, N.J. "Except for isolated areas, the carrier access issue is over and we are returning to our strategic messages in the marketplace to cause people to continue to use AT&T. In addition we are relaunching stimulative advertising," she says.

AT&T continued downsizing internal operations in 1986, taking $3.2 billion in writedowns in restructuring costs associated with the combination of its Information Systems and AT&T Communications divisions, permitted in a September 1985 ruling by the Federal Communications Commission. AT&T eliminated 32,000 jobs in 1986, and has reduced its workforce by about 80,000 jobs since the start of 1984. The cost reductions are having a positive effect on the bottom line.

For the first six months of 1987, AT&T's profits increased 36% to $1.04 billion. Because of weaker product sales and rental revenue, however, total revenue for the period fell to $16.52 billion, down 3.6% from the same period in 1985.

The single largest cutback in measured media spending during 1986 occurred in brand awareness promotion of AT&T long lines as the race came to a close to sign up business and residential users to "equal access" connections. AT&T long lines advertising fell to $94.4 million in 1986, down more than 20% from 1985. Network TV claimed 68% of the total, although most of the drop-off was in network TV and magazines.

Measured spending for AT&T long lines campaigns oriented to business customers also fell 22% in 1986 to $36.8 million. Some 50% of the spending was in network TV, 21% spot TV and 21% magazine. Spending for corporate general promotion fell to $28.4 million in 1986, down 31% from 1985.

The divestiture agreement requires local telephone companies to provide long-distance carriers with the same access to the network as AT&T. During the three-year phase-in, which ended in September 1986, the nation's 66.5 million business and residential line users were asked to choose a primary long distance carrier.

More than 30% of the nation's telephone customers have yet to be converted to equal access because they are served by older switching equipment, or because their local telephone company is independently owned.

AT&T's advantage in gaining equal access connections by default was struck down in mid-1985 by an FCC ruling that customers who fail to select a carrier would have one assigned at random. Previously, those customers failing to indicate a choice were automatically assigned to AT&T.

As a result of rising competition, AT&T's share of the $22.9 billion long distance market fell to 76% in 1986 on revenues of $17.5 billion. Moving up were Washington, D.C-based MCI Communications, with an 8.7% share on revenues of $2 billion, and Shawnee Mission, Kan.-based US Sprint Communications, with a 4.9% share on revenues of $1.1 billion, according to the U.S. Telecommunications Market Report, issued by New York-based Northern Business Information. Other long distance carriers shared 10% of the market, with $2.3 billion in combined revenues, says Glenn Powers, senior analyst at NBI. All market share figures exclude access charges paid to local telephone companies.

US Sprint's growth in 1986 was particularly impressive. The company now serves about 5 million customers, double its base in 1985. Aggressive rate cuts by both MCI and US Sprint, made possible by 40% lower access fees prior to equal access, have helped fuel their growth. However, as equal access is phased in, the rates long distances carriers pay for network access will move closer to those paid by AT&T.

In the meantime, US Sprint has taken the lead role in promoting low prices and high technology. As of last year, when it was formed as a separate entity, US Sprint has reduced its own rates three times, for a total of 20%, putting AT&T and MCI on the defensive. MCI reduced rates by about 14% in 1987. In addition, Sprint's $3 billion investment in a 23,000-mile fiber optic network is luring new mega-business customers.

Such aggressive marketing can hurt AT&T because some 275 companies account for about 25% of AT&T's revenues for long distance service, analysts say. But AT&T is fighting back.

Since divestiture, AT&T's long-distance rates have fallen 33.5%. And both AT&T and MCI are hurrying to build fiber-optic networks.

One area where AT&T still dominates is the $5 billion market for data transmission services. Data transmission now accounts for 17% of the total market for long distance service, and is growing at a 30% to 35% annual clip. Voice transmission accounts for 83% of long distance service, but is growing at a rate of about 7%. AT&T's measured spending for information systems fell 38% in 1986 to $22.3 million, with 45% of the spending going to network TV, 36% to magazine and 15% to network radio.

AT&T also dominates the market for overseas service. Measured spending to promote overseas long lines was up 47% in 1986 to $36.7 million, divided almost equally between spot TV and magazine. AT&T has set a corporate goal of laying the groundwork to develop international markets for data networking and high technology products and services. This is seen in AT&T's growing alliances with Ing. C. Olivetti & Co. of Italy and N.V. Philips of the Netherlands.

Olivetti markets personal computer and digital private branch exchange systems as part of its joint venture with AT&T and Philips markets advanced digital switching systems.

Long distance service accounted for 56% of AT&T's revenues in 1986, up from 50% in 1985. AT&T also gained 30% of its 1986 revenues from the sales of equipment, down from 33% in 1985, and 14% from equipment rental, down from 17% in 1985.

AT&T's retrenchment was evident in reduced spending for AT&T personal computers, which fell 91% to $1.4 million in 1986 measured media. AT&T's share of business revenues for personal computers through retail computer stores fell to 2% during the first six months of 1987, says JoeAnn Stahel, manager of market analysis at Dallas-based StoreBoard. AT&T's estimated share for 1986 stood at 3% on estimated revenues of $129 million, down from a high of 3.3% in 1985 on revenues of $150 million, she says. AT&T posted a pre-tax operating loss of $1.2 billion in the information products division.

In an effort to rebuild flagging credibility in computers, AT&T introduced four IBM-compatible machines early in 1987, and bolstered spending on its PC 6300 and 6300 Plus personal computers. The PC 6300 received $3.5 million in measured magazine spending, up 117% over 1985.

But analysts anticipate more problems for AT&T in computers. "I think AT&T will have a difficult time trying to break into the heavy IBM user base. It's a problem for all IBM competitors, says Fritz Ringling, a principle with the New York-based consulting firm Booz, Allen & Hamilton.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	31,106	57,210
Magazines	74,015	88,137
Newsp. supp.	3,751	4,990
Bus.pubs.	19,850	18,580
Network TV	135,162	167,728
Spot TV	41,124	29,700
Network radio	22,552	24,853
Spot radio	8,710	7,362
Outdoor	91	126
Network cable	3,191	3,696
Total measured	339,552	402,380
Unmeasured	100,367	118,938
Total	439,919	521,318

AMERICAN TELEPHONE
& TELEGRAPH CO.
195 Broadway
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(212) 644-1000

Corporate Personnel

J. Kent Planck, corp vp-adv
Robert W. Watson, corp media dir
Michael P. Tarpey, dir-corp adv
R. Zack Manna, mgr-corp adv
Jacqueline R. Byrne, dist mgr-corp adv
Linda B. Urben, dist mgr-corp adv
Alvin M. Winters, dist mgr-corp adv
Steve Cross, dist mgr-corp event mktg
Douglas K. Ritter, corp broadcast mgr
James D. Speros, corp media mgr

Advertising Agencies

N W Ayer, New York—Fred McClafferty, sr vp-mgmt super.

Ogilvy & Mather, New York—June Blocklin, mgmt super.

UniWorld Group, New York—Herman Morales, sr vp; Linda Dukette, vp-acct super.

AT&T CONSUMER MARKETS

Marketing Personnel

Kim Armstrong, dir-adv

Advertising Agencies

N W Ayer, New York—David Gantman, sr vp-mgmt super.

Bermudez Associates, Beverly Hills, Calif.—Jim Golightly, vp-acct super.

McCann-Erickson, New York—business services—Tom Driscoll, sr vp.

Ogilvy & Mather Direct, New York—Shelly Lazarus, sr vp-acct dir.

Young & Rubicam, New York—Mort Lowenstein, sr vp-mgmt super.

AT&T CONSUMER PRODUCTS

Marketing Personnel

A. Lee Blitch, adv mgr

Advertising Agency

N W Ayer, New York—Lee Roth, acct super.

AT&T BUSINESS MARKETS

Marketing Personnel

Charles L. Mitchell Jr., dir-adv & sales promo

Advertising Agencies

McCann-Erickson, New York—Hank O'Brien, sr vp-group mgmt dir.

Ogilvy & Mather, New York—Kelly O'Dea, sr vp-group dir.

Young & Rubicam, New York—Mort Lowenstein, sr vp-group dir.

AT&T NETWORK/TECHNOLOGIES

Marketing Personnel

P. Mike Neavill, mgr-adv & promo

Advertising Agency

Foote, Cone & Belding, New York—Jim Bernegger, sr vp.

AT&T AMERICAN TRANSTECH

Marketing Personnel

Michael N. Granieri, dir-corp comm

Advertising Agency

Husk, Jennings & Overman, Jacksonville, Fla.—Gary Husk, sr vp.

AT&T CREDIT CORPORATION

Marketing Personnel

Tom Roose, dir-mktg & sales

Top 25 magazine advertisers

Rank	Advertiser	Magazine ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Philip Morris Cos.	$230,130	$214,511	7.3	16.9
2	RJR Nabisco	135,657	164,123	(17.3)	14.5
3	General Motors Corp.	129,408	107,524	20.4	15.4
4	Ford Motor Co.	125,071	114,851	8.9	19.2
5	Procter & Gamble Co.	86,506	93,775	(7.8)	0.6
6	Chrysler Corp.	78,905	73,579	7.2	18.5
7	American Telephone & Telegraph	74,014	88,136	(16.0)	16.8
8	CBS Inc.	58,871	59,939	(1.8)	31.8
9	Time Inc.	51,166	43,567	17.4	26.8
10	General Electric Co.	50,776	55,378	(8.3)	14.3
11	Unilever NV	49,815	39,000	27.7	9.6
12	Sears, Roebuck & Co.	42,933	19,189	123.7	4.2
13	U.S. Government	39,679	32,572	21.8	12.9
14	International Business Machines Corp.	39,007	52,534	(25.7)	13.2
15	Volkswagen AG	37,265	32,840	13.5	24.4
16	Loews Corp.	34,434	36,041	(4.5)	23.5
17	Kraft Inc.	33,823	31,989	5.7	7.7
18	Honda Motor Co. Ltd.	32,518	23,940	35.8	15.8
19	Revlon Group	31,935	32,156	(0.7)	21.4
20	E.I. du Pont de Nemours & Co.	31,613.	32,061	(1.4)	28.0
21	American Express Co.	30,911	33,593	(8.0)	16.2
22	Capital Cities/ABC	30,555	34,860	(12.3)	48.4
23	Bristol-Myers Co.	30,248	28,435	6.4	9.1
24	American Brands	27,433	35,257	(22.2)	17.2
25	Grand Metropolitan PLC	25,163	21,873	15.0	16.4

Source: Publishers Information Bureau as reported by Leading National Advertisers
Note: Dollars are in thousands

AMR Corp.

RANK **76**

Dallas

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	6,018	6,131	(1.8)
Net income	279	346	(19.4)
U.S. advertising	113	105	7.1
Division sales	**1986**	**1985**	**% chg**
Passenger	4,961	4,986	(0.5)
Other	1,058	1,145	(7.7)

As AMR Corp. recovers from a financially disappointing year, the parent of American Airlines is focusing on route-system expansion, innovative advertising and a leadership position in airline re-regulation.

Tough airline price competition in 1986 helped produce a decline of 19.4% in net earnings and a drop of 1.8% in revenues at AMR. The company suffered a 10% decline in revenue yield per passenger mile to 10.17 cents in 1986 from 11.30 cents in 1985. Revenue passenger miles actually increased 10.5% to 48.8 billion while load factor inched up to 65% from 64.6%, increases accompanied by a 9.9% jump in available passenger seat miles.

Discount pricing—led by Houston-based Texas Air Corp.'s Continental Airlines—continues to make 1987 a volatile year for airlines. Public concern over airline safety and service issues also has prompted Congress to consider new airline regulations. This fall the Transportation Department is expected to announce rules on these airline issues.

Airline consolidation has changed the industry lineup. American Airlines dropped to third place after Texas Air Corp.'s 1986 acquisitions of Eastern Airlines, Frontier and People Express. The latter two airlines became part of Continental Airlines. Now Texas Air's holdings account for about 19.4% market share. United Airlines follows with a 17% share; American comes in third with a 15% share.

American continues its strategy of route expansion, having opened two hubs last year—Nashville, Tenn. in April and San Juan, Puerto Rico in November. A third hub at Raleigh/Durham, N.C. opened June 1987.

While the San Juan hub increases American's presence in the Caribbean, the Nashville hub serves passengers between the upper Midwest and Gulf states, as well as the Northeast and central-southern states. The Raleigh/Durham hub targets passengers traveling north-south along the East Coast.

Perhaps the most noteworthy development this year was AMR's acquisition of Air Cal, a Newport Beach, Calif.-based regional airline. The $225 million purchase, completed in July 1987, represented a departure from American's strategy of growing internally rather than through acquisition.

With internal growth concentrated in the eastern half of the U.S., management decided that West Coast growth would be best achieved by acquiring an established airline. This immediate expansion along the Pacific Coast not only fills a void for American but also sets the stage for the airline's expansion to Asia.

In June, American inaugurated nonstop service from Dallas-Fort Worth to Tokyo, representing American's first step into the Asian market. European expansion continues with new nonstop service from Chicago to Geneva and Zurich, launched in April, along with nonstop service to Paris and Frankfurt from New York.

Route expansion has been accompanied by an increased ad budget with total 1986 expenditures at $113 million, up 7.1%, according to AD AGE.

When Thomas Plaskett, American's senior VP-marketing left last November to become president of Continental Airlines (he since has left Continental), marketing responsibilities were divided. Michael Gunn became senior VP-marketing from senior VP-passenger marketing. William Shannon was named senior VP-field services from senior VP-field sales and services. Both execs report directly to Robert Crandall, chairman and president.

In March R.A. McKinnon joined American as VP-advertising and marketing programs from exec VP-marketing and planning at Pan American World Airways, New York. Ann Smits was promoted to managing director of advertising from assistant VP-advertising.

In response to public concern over flight safety and service, American became the first airline to build a print and broadcast campaign around these hot issues. The effort, via Bozell, Jacobs, Kenyon & Eckhardt, Dallas, is an extension of the carrier's "Something special in the air" lifestyle approach. It will continue through the first quarter of 1988.

Meanwhile Mr. Crandall will lobby Congress for a public database on airline performance; public information on seat spacing; data on missed connections and baggage handling problems and disclosure of overbookings. Should this information become available to the industry, it likely will appear in comparative advertising.

American Airlines and Trintex, White Plains, N.Y., have agreed to provide travel information and bookings as part of Trintex's Prodigy videotex service that becomes available next year to pc users. Trintex is a joint venture of IBM Corp. and Sears, Roebuck & Co.

Making American's Eaasy Sabre electronic reservations system available to pc users will mean that they can obtain flight schedules for more than 650 airlines and book reservations on 300 of them.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	25,194	19,534
Magazines	4,339	2,717
Bus. pubs.	1,379	723
Network TV	18,277	23,008
Spot TV	18,020	16,281
Network radio	433	461
Spot radio	14,390	14,217
Outdoor	162	80
Network cable	486	190
Total measured	82,682	77,210
Unmeasured	30,200	28,202
Total	112,882	105,412

AMR CORP.
P.O. Box 61616
Dallas-Fort Worth Airport,
Texas 75261
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Marketing Personnel

Michael W. Gunn, vp-passenger mktg
R.A. McKinnon, vp-adv & mktg programs
Ann W. Smits, mng dir-adv

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt/Southwest, Dallas—domestic passenger & freight—Paul Gold, exec vp; Thomas Hooke, sr vp-group acct dir; Patsy Tryon, sr vp-mgmt rep.

Milici Valenti Smith Park Advertising, Honolulu—Norm Blackburn, sr vp.

Anheuser-Busch Cos.

RANK **7**

St. Louis

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	8,402	7,683	9.4
Net income	518	444	16.7
U.S. advertising	644	524	22.8
Division sales	**1986**	**1985**	**% chg**
Beer, beer-related	5,898	5,413	9.0
Food products	1,553	1,416	9.7
Diversified op.	247	190	30.0

Anheuser-Busch Cos., the world's largest brewer of beer, has been making news in almost every category except beer: It expanded its Master Cellars line of keg wines; opened its first retail store to sell its Honey Roast line of nuts and snacks; began testing the waters in the restaurant business; discontinued its upscale Baybry's champagne cooler while expanding distribution of its two bottled waters; repositioned its Dewey Stevens wine cooler, and introduced a soda called Zeltzer Seltzer.

On the down side, A-B fought negative publicity when several top executives were accused of taking money and favors from suppliers and when a small soda company accused it of trademark infringement.

A-B could be simultaneously involved in so many arenas because its core beer business seems to flourish no matter what. The company shipped 72.3 million barrels (bbls.) of beer in 1986, up 6.3% from 1985. The U.S. beer market as a whole grew only 1.8% during that period.

Beer and related beverages contributed 76.8% of A-B's total net 1986 sales of $7.68 billion, compared with 77.3% in 1985.

A-B in 1986 accounted for 39.7% of the total domestic beer market (includes barrels shipped and tax paid withdrawals), up from a 38.1% share in 1985. Its share now is nearly double that of its next closest competitor, Philip Morris' Miller Brewing Co., which represented a 21.3% share of the total market in 1986.

Four of the nation's 10 best selling beers were A-B brands in 1986: No. 1 Budweiser; No. 7 Bud Light; No. 8 Busch and No. 9 Michelob.

Of course, Budweiser more than leads the domestic beer rankings; it dominates them. With sales of 48.8 million bbls. in 1986, Budweiser alone accounted for 26.8% barrels shipped, meaning that better than one of every four beers consumed in this country is a Budweiser.

Appropriately, Budweiser has the largest advertising budget of any A-B brand—or any other brewer, for that matter—$108 million in measured media in 1986, up 17.2% over 1985 spending. But while Bud accounts for 67.5% of A-B's gallonage, its ad budget was only 37% of the $293.5 million the company spent for all its beer brands. And Bud's spending increase in 1986 was the smallest of all major A-B brands.

Economies of scale and Budweiser's unflagging popularity mean A-B needs to spend only $2.22 on advertising per barrel sold, compared with the $12.79 it spends on advertising for every barrel it sells of Michelob Light.

Bud is doing so well in the U.S. that almost all that A-B has to do is expand its availability internationally. In late 1986, Bud arrived in Ireland through a licensed brewing agreement with Guinness Ireland Ltd. In 1987, the brand entered Denmark through agreement with United Breweries Ltd. and South Korea via an agreement with Oriental Brewery Ltd. The brand is now brewed in seven foreign countries and exported to an additional 30.

A-B and Budweiser were corporate sponsors of Dennis Conner's America's Cup yacht Stars & Stripes. Mr. Conner and his yacht were featured in a 30-second TV commercial for the brand that aired prior to and during the January America's Cup competition.

Additionally, when the Stars & Stripes was pulled from the water immediately after winning the America's Cup, its keel bore a Budweiser logo affixed by a team of frogmen (after the race so as not to violate Cup rules against carrying advertising).

Another significant change in Budweiser advertising has been the addition in 1987 of new "young adult" TV commercials themed "I'm a genuine Bud Man" (in place of the "This Bud's for you" theme used generally). These air primarily during late-night programming.

Bud Light has been another success for A-B. Despite the total market's slow growth, sales of Bud Light increased nearly 23% in 1986 to 6.5 million bbls., pushing it up a notch to No. 7 among the top 10 domestics.

Measured ad spending, according to BAR/LNA data, was increased 21.3% in 1986 to $61.6 million, after a decrease of nearly 10% in 1985. The 1986 increase reflects the growth and importance of the brand and the light-beer category overall.

Bud Light sales among young consumers have been increasing, thanks in part to an unlikely brand "spokesman." Spuds MacKenzie, a 3-year-old English bull terrier whose real gender is female and whose real name is Honey Tree Evil Eye, began appearing in Bud Light TV spots in California. Soon he was seen on network TV and on posters in college dormitories nationwide.

Dubbed "The Original Party Animal," Spuds has become a cottage industry for A-B. The company has licensed the dog's name and likeness to more than a dozen companies for everything from casual apparel to keychains. Macy's in New York even has opened a "Spuds MacKenzie Shop" to sell pooch paraphernalia.

The Michelob brands have been a problem for A-B, largely due to a general falloff in consumption experienced by all superpremium domestic beers (as drinkers switch to imports). Michelob's shipments dropped to 5.4 million bbls. in 1986 from

SUSSEX
MORRIS
NEW JERSEY
ESSEX
HUDSON
UNION
SOMERSET
MIDDLESEX
MONMOUTH

Don't map out a media plan that's missing the richest territory.

A lot of media planners who search diligently for the best way to strike gold in the New York ADI still miss the richest territory. They overlook the only newspaper that lets advertisers tap into $20.7 billion in purchasing power wielded by Bergen/Passaic residents: The Record, New Jersey's largest evening newspaper.

The Record reaches more adults in this upscale northern New Jersey market than any other newspaper, and leads you to the readers with the greatest spending power. In fact, the Bergen/Passaic market is the 33rd largest in the country and is 29 in total retail sales. This positions us with metropolitan areas like San Jose and New Orleans.

Record readers have the second highest personal employment income in America, and they're eager to spend on travel, cars, leisure, and luxuries.

For example, more Bergen/Passaic adults spent $1,000 or more for their last vacation than adults in any other segment of the New York ADI.

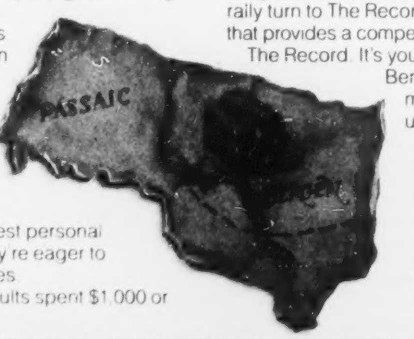
And 65 percent of The Record's affluent audience cannot be reached regularly in any other newspaper. It's not surprising. Bergen/Passaic readers, who buy the best things in life, naturally turn to The Record for their news and information. And that provides a compelling environment for advertising that sells.

The Record. It's your guide to reaping the full treasures of the Bergen/Passaic market. Without it, even the most intrepid media planner could end up lost.

The Record
We cover your world. All of it.

150 River Street, Hackensack, N.J. 07601
Call John E. Kimball, Director of Advertising
at (201) 646-4259

Sources: © S&MM Survey of Buying Power, 1986. The Scarborough Report, 1986. Simmons-Scarborough National Newspaper Audience Ratings Study, 1985.
National Representative: Sawyer-Ferguson-Walker Co.



5.8 million in 1985; Michelob Light held steady at about 2.5 million bbls.; Michelob Dark continues to account for about 350,000 bbls.

In an effort to improve those brands' performance, A-B dramatically increased ad spending. Michelob's budget was up 29.7% to $49.1 million; Michelob Light spending jumped 27.1% to $32 million. Spending on Michelob Dark dropped to $3 million from $3.8 million, but that brand has been given a new campaign, themed "Don't be afraid of the Dark," and a new spokesman, actor/comic Martin Mull.

A-B consolidated all three Michelob brand assignments at DDB Needham, Chicago, in 1986, but continued to consider other possibilities. Early in 1987, the company quietly weighed alternative creative on Michelob Light from Bud agency D'Arcy Masius Benton & Bowles, St. Louis; corporate advertising agency Hal Riney & Partners, Chicago; Campbell-Ewald, Detroit; and DDB Needham, which ultimately retained the account.

Still, A-B has expressed doubts about the viability of the Michelob brand lineup and openly has suggested that if the brand does not turn around soon, a new super-premium could be introduced.

That could help explain why A-B in July 1987 began a two-market test of a beer called Anheuser. This "ultrapremium" brand—priced comparably with imports—is testing initially without advertising support, although Hal Riney & Partners, Chicago, officially has the assignment.

The Busch brand has been a surprising success for A-B. Competing in the popular-price segment (meaning it is generally priced below Bud), Busch has caught fire in the past few years. In 1986, sales rose nearly 21% to 6.4 million bbls., making it the No. 8 brand.

Reflecting the brand's growth, measured ad expenditures for Busch were increased 158% to $22.5 million in 1985 and another 21.4% in 1986 to $27.3 million. In addition to the continuing "Head for the mountains" campaign, Busch advertising in 1987 has been augmented by young-adult, late-night creative executions themed "Lookin' for a Busch."

A-B execs seem to hate to return from overseas trips empty-handed. Shortly after announcing an agreement with Denmark's United Breweries to brew Budweiser there, A-B announced it had gained exclusive U.S. import and distribution rights to United's Carlsberg, Carlsberg Light and Elephant Malt Liquor brands (rights previously held by All-Brand Importers). Ad expenditures for those brands (now available in 30 states) totaled $2.4 million in 1986.

A-B also has become heavily involved in non-beer beverages, including wine coolers, bottled water and soda. These products all are overseen by The Anheuser-Busch Beverage Group Inc., established in 1986 as a separate operating unit of A-B Cos. to develop and market non-beer brands.

Its first attempt in the wine cooler market, Baybry's Champagne Cooler, ran into resistance to its higher-than-average price and was discontinued (after ad expenditures of $2.4 million in 1986).

A-B has had better luck with Dewey Stevens Premium Light, positioned as the only low-calorie wine cooler. In October 1986, the Dewey's assignment was moved from Bloom Agency, Dallas, to DMB&B, St. Louis, which changed the brand's theme to "Half the calories. All the fun" from the original "Dewey, you do me right."

The company's most surprisingly aggressive growth has been in the bottled water market. Its involvement began with the November 1985 purchase of Saratoga Springs Co., Saratoga Springs, N.Y. It followed that in February 1986 with the purchase of Sante Mineral Waters Inc., Santa Rosa, Calif. In July 1986 it entered a partnership with Cabin Bar Ranch, Olancha, Calif., giving it additional mineral water resources, and in September 1986 A-B signed an agreement to import Ballygowan Irish Spring Water from Ballygowan Spring Water Co. Ltd., Newcastle West, Ireland. Each of these brands is available in limited territories with modest advertising support.

In January 1987, A-B surprised the beverage world with its announcement that it would begin testing a line of all-natural flavored sodas under the name Zeltzer Seltzer. Zeltzer is the company's first foray into the soft drink market since the 1970s when it tried two ill-fated entries named Chelsea and Root 66.

No one was more surprised by Zeltzer Seltzer's arrival than American Natural Beverage Co., New York, which filed suit against A-B. Among the charges was the claim that packaging for A-B's Zeltzer Seltzer infringed on the trademarked package design of American Natural's Soho brand. In an out-of-court settlement reached in May, A-B agreed to alter Zeltzer Seltzer packaging and advertising by Dec. 1, 1987.

A-B has been involved in food products since acquiring Campbell Taggart, one of the nation's largest baking companies, several years ago. Now A-B has expanded its food interests into snack foods and food service.

A-B's Eagle line of snack foods has moved beyond its beginnings as airline products to a major grocery line. In 1986, the company began its first national advertising for the line, spending $3 million on network TV exposure for Eagle Honey Roast Nuts and $300,000 for Eagle Potato Chips. Eagle Peanut Butter continues in limited test.

In St. Louis' Union Station, the company in November 1986 opened Honey Roast Heaven, a specialty retail shop offering its Honey Roast nuts as well as candies, frozen custard, baked goods and a variety of wrapped food gift packs.

The first A-B restaurant, called Amighetti Bakery and Cafe Downtown, opened in St. Louis in April 1987. Bearing a name and concept bought from a family operating another restaurant in the city, Amighetti Bakery is expected to be the first in a chain of units that A-B will develop.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	11,744	5,611
Magazines	18,335	14,478
Newsp. supp	910	401
Bus. pubs	843	724
Network TV	177,496	154,503
Spot TV	97,999	71,153
Network radio	16,529	8,929
Spot radio	50,420	39,713
Outdoor	6,664	5,105
Network cable	19,487	16,395
Total measured	400,427	317,012
Unmeasured	243,095	206,889
Total	643,522	523,901

ANHEUSER-BUSCH COS.
One Memorial Dr.
St. Louis, Mo. 63102
(314)577-2000

Corporate Personnel

Michael Roarty, exec vp

Marketing Personnel

Jack McDonough, vp-brand mgmt
Charles B. Fruit, vp-corp media/sports mktg, vp-coo, Busch Media Group
Thomas Sharbaugh, group mktg dir, Budweiser Bud Light, Carlsberg, Elephant Malt Liquor
Robert J. Goughenour, group mktg dir, Michelob, Micheiob Light, Michelob Classic Dark
Robert Merz, group mktg dir, Busch, Natural Light, LA, King Cobra
Robert Guthner, sr brand mgr, Budweiser
Joseph V. Corcoran, sr brand mgr, Bud Light
Michael J. Owens, sr brand mgr, Busch
Peter C. Rozzell, sr brand mgr, Michelob
Jack L. Hanslovic, sr brand mgr, Michelob Light
Donald Meyer, sr brand mgr, Michelob Classic Dark
Brian Porter, brand mgr, Natural Light, LA
William Braun, brand mgr, Carlsberg
Al Cummings, sr brand mgr, King Cobra
Jerry Solomon, vp-genl mgr, Busch Media Group, New York
Bill Benz, vp-genl mgr, Busch Media Group, St. Louis
Terry Poulos, group vp-genl mgr, Anheuser-Busch Beverage Group
Mara "Mitch" Meyers, dir-brand mgmt, A-B beverage group
Tony Ponturo, dir-media svcs
Larry Albus, dir-intl sports mktg
Joe Castellano, sr mgr-sports promo
Tom Barton, mgr, Budsports production
Carol Kelleher, mgr-natl sales promo
Scott Murdock, dir-merch & sale promo
Michael O'Sullivan, mgr-merch systems

Advertising Agencies

Bloom Agency, Dallas—Saratoga, Sante, Campbell Taggart—Marianne Zenor, acct exec.

Castor Spanish International, New York—Hispanic mktg—Robin Robert, acct super.

D'Arcy Masius Benton & Bowles, St. Louis—Budweiser, LA, Natural Light, Dewey Stevens, corp adv—Todd Abrams, sr vp-acct group dir, A-B marketing group. Budweiser: James M. Palumbo, vp-mgmt super; Richard Lallie, vp-acct super; Fred Wolter, sr acct exec; Martha Bonneville, Bryce McTavish, acct execs. LA, Natural Light, Dewey Stevens: Tim Rodgers, vp-mgmt super, LA/Natural Light: William Morgan, acct super; Brian Bennett, acct exec. Dewey Stevens: Terry Lucas, acct super. Corporate—Robert Murphy, Herbert Condie, vp-acct supers; Joseph Einspanier, Carl Strom, acct execs.

DDB Needham Worldwide, Chicago—Bud Light, Busch, Michelob, Michelob Light, Michelob Dark, Ballygowan—John Greening, vp-group acct dir. Busch: Bob Lachky, acct super; Mike Holsinger, acct exec; Diana Fiedotin, Susan Zuckert, asst acct execs. Bud Light: Mark Leitner, acct super; Stan Murton, Brooke Chapman, acct execs. Michelob Group: Don Richards, mgmt rep. Michelob: Peter Kuntz, acct super; Jim Harris, acct exec; Richard Feitler, asst acct exec. Michelob Light: Senn Moses, acct super; Tony Sciolla, acct exec; Scott Rabschnuk, asst acct exec. Michelob Classic Dark: Kathy Kneit, acct exec; Ralph Kurek, acct super—A-B field mktg.

Hal Riney & Partners, Chicago—Zeltzer Seltzer, new prods, corp adv—Thomas Sharp, genl mgr.

TBWA Advertising, New York & St. Louis—Carlsberg, Elephant Malt Liquor, Eagle snacks—Arthur Gramer, sr vp-dir acct svcs.

Top 25 newspaper advertisers

Rank	Advertiser	Newspaper ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	General Motors Corp.	$146,430	$140,979	3.9	17.5
2	Ford Motor Co.	76,136	77,295	(1.5)	11.7
3	Texas Air Corp.	63,417	15,075	320.7	47.9
4	Philip Morris Cos.	57,590	78,031	(26.2)	4.2
5	RJR Nabisco	50,347	73,321	(31.3)	5.4
6	Chrysler Corp.	42,203	42,000	0.5	9.9
7	American Telephone & Telegraph	31,106	57,210	(45.6)	7.1
8	Trans World Airlines	29,329	20,870	40.5	37.2
9	General Electric Co.	26,987	29,870	(9.7)	7.6
10	Allegis Corp.	26,900	19,987	34.6	15.7
11	AMR Corp.	25,194	19,534	29.0	22.3
12	Daimler-Benz AG	23,340	18,008	29.6	30.1
13	Toyota Motor Corp.	22,878	20,761	10.2	11.0
14	Delta Air Lines	22,309	17,116	30.3	21.3
15	NWA Inc.	22,219	16,851	31.9	42.0
16	Honda Motor Co. Ltd.	21,087	10,331	104.1	10.3
17	CBS Inc.	20,116	20,936	(3.9)	10.9
18	Pan-American World Airways	18,784	21,218	11.4	N/A
19	Nynex Corp.	18,614	15,133	23.0	16.6
20	GTE Corp.	18,140	13,665	32.7	15.7
21	Nissan Motor Co. Ltd.	17,627	16,504	6.8	9.8
22	International Business Machines Corp.	16,646	30,610	(45.6)	5.6
23	Volkswagen AG	15,914	10,966	45.1	10.5
24	Southwest Airlines Co.	14,153	5,953	137.7	N/A
25	Time Inc.	13,951	13,592	2.6	7.3

Source: Media Records
Note: Dollars are in thousands

RANK
87

B.A.T Industries

London

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	20,190	18,640	8.3
Net income	1,280	1,080	18.5
U.S.	**1986**	**1985**	**% chg**
Sales	5,499	5,087	8.1
Net income	394	164	140.2
Advertising	100	172	(42.0)
U.S. div. sales	**1986**	**1985**	**% chg**
Tobacco	2,305	2,273	1.4
Retail	2,471	2,175	13.6
Paper	723	638	13.3

Batus Inc., the U.S. arm of B.A.T Industries, marked 1986 by completing a spinoff of six retailing companies and developing new cigarette brands, specifically appealing to value-oriented customers. The moves boosted sales and earnings to all time highs despite a 44% drop in measured advertising. Yet in its more heavily-advertised tobacco segment, the company lost market share.

At year end, funds from divestitures left Batus with a sizable sum in short-term investments, creating a potential for future acquisitions. As of Dec. 31, 1986, Batus reported $435.1 million in short-term investments, compared with $64.8 million in 1985.

The sale of six retailers, including New York-based Gimbels Department Stores, was completed by mid-1986 for $644 million—an amount greater than expected. In 1985, the company had set aside $150 million for expected book losses associated with the retail restructuring. Because actual results were better than anticipated, a $30 million credit was added to income in 1986.

The largest share of Batus's advertising budget is allocated to its tobacco group, Brown & Williamson Tobacco Corp. Measured spending for B&W was down 65% to $18.4 million, according to seven media tracked by BAR/LNA. Ad spending by Batus in media traditionally associated with cigarette advertising—newspapers, magazines, newspaper supplements and outdoor—dropped 45.6% in the aggregate to $46.8 million in 1986. Thomas E. Sandefur Jr., B&W's president-ceo, told trade specialists in May the company is focusing more on in-store promotions and carefully reviewing its advertising spending.

"The manufacturer must take a closer look at all aspects of doing business to determine if it is spending its marketing dollars as wisely as they can be spent," he says. "As a result, there are increased efforts to talk more directly to the consumer at the point-of-sale and through direct mail."

Key to Brown & Williamson's strategy has been a focus on the relatively new "price/value segment." The price/value category—which includes generic cigarettes—accounts for about 9% of the cigarette market. B&W products account for 26.6% of all price/value cigarettes sold in the U.S., up from 24.7% in 1985, according to "The Maxwell Report," prepared by John C. Maxwell Jr., analyst with Furman, Selz, Mager, Dietz & Birney.

B&W's share of the total domestic market dropped to 11.5% from 11.9% in 1985, according to Mr. Maxwell, as the continuing progress of its Richland brand and generic cigarettes was offset by a decline in full-price brands. The parent company—B.A.T. Industries PLC, London—noted that its entire tobacco group reported an 18% increase in profits (in dollars). The company attributed that gain to higher prices, lower marketing and manufacturing costs and higher overseas sales.

In May 1987, B&W said it would start nationwide sales of a new "brand generic" cigarette, called Falcon Lights. The cigarette, first tested in Kentucky in July 1986, is designed for those who want a lower-priced cigarette but prefer brand names. The suggested price of the 20-to-a-pack brand is the same as that of plain packaged generics and is about 25% less than traditional branded cigarettes.

Falcon Lights was the third branded generic to go national, following RJR Nabisco's Doral and Philip Morris USA's Cambridge. It is B&W's first new product since the introduction of its Richland brand in 1985.

Other B&W products in test are: Capri, an ultra-slim cigarette—17 millimeters in circumference vs. the traditional 21 millimeters; Eli Cutter, a non-menthol male-oriented, full-flavored brand; and Kim 25s, the first value brand targeted primarily at women smokers.

Capri—which is designed to appeal to female smokers—is in test in several markets including Chicago, Detroit, New York, Philadelphia, Washington D.C., Richmond and Baltimore. The brand was introduced in January 1987 in Louisiana.

Kool—which accounts for nearly 60% of B&W's revenues—continued to face declining market share and stiff competition from Loews Corp.'s Lorillard's Newport brand. While ranking No. 4 among U.S. brands, Kool saw its market share drop to 6.6% last year, compared with 6.8% in 1985, according to Mr. Maxwell. Measured advertising for Kool dropped 30% to $20.1 million.

Newport's market share, however, increased to 3.8% from 3.4% in 1985 as Loews plowed $33.7 million into the Newport line, a gain of 5.6%.

In February 1987, B&W switched ad agencies for Kool and Kim 25s to William Esty Co., New York, from Ogilvy & Mather, Chicago. O&M had held the account only since April 1986.

B&W spent more than $14.4 million on measured advertising for Richland in 1986, up 15.2%. The amount is second only to B&W's flagship brand, Kool. Richland had 0.6% of the total market last year, up from 0.5% in 1985, according to Mr. Maxwell.

Measured advertising for Barclay dwindled 47.7% to $2.3 million in 1986 as the cigarette took 0.4% of the market vs. 0.6% in 1985.

The major continuing Batus retailing businesses are: Saks Fifth Avenue, Marshall Field's, Ivey's, Breuners and Thimbles. Saks had record 1986 sales that grew nearly 15% to top the $1 billion mark for the first time in Saks' history—continuing a rebound from a period when Saks failed to keep up with major competitors. Operating income rose over 20% to more than $100 million.

Batus spent about $2.1 million on measured advertising for Saks in 1986, up 33% from 1985.

At Marshall Field's stores, sales were up nearly 15%, approaching $1 billion, while operating profit increased by more than 20%. The company attributed the gains to the strength of improved margins, lowered expenses and further strengthening of its market share in the Chicago market. In 1986, Marshall Field's grew to 25 stores with the opening of five outlets in Wisconsin and a new store in San Antonio, Texas. It continued a remodeling and renovation program which will touch all stores over the next six years. Capital additions in 1986 totaled $67 million.

Measured advertising for Marshall Field's increased 55% to $3.7 million.

Batus sold about 40% of its retailing

operations in 1986, including Frederick & Nelson, Crescent, Kohl's and Gimbels department stores.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,139	28,425
Magazines	19,775	23,298
Newsp. supp.	1,700	11,705
Spot TV	6,006	7,448
Spot radio	2,611	2,007
Outdoor	20,146	22,548
Total measured	55,377	95,430
Unmeasured	44,682	77,000
Total	100,059	172,430

BATUS INC.
2000 Citizens Plaza
Louisville, Ky. 40202
(502) 581-8000

APPLETON PAPERS INC.
Appleton, Wis.

Corporate Personnel

John W. Turner, chmn-ceo
Dale H. Schumacker, president-coo
A. Sherman Frinak, exec admin asst to chmn

Marketing Personnel

Daniel W. McIntosh, vp-mktg & sales
Robert D. Seuss, dir-pr & corp comm
R.P. Sherrer, dir-mktg

Advertising Agencies

William Eisner & Associates, Hales Corner, Wis.—Tom Sarrahy, acct exec.

Yelton Design Co., Appleton, Wis.—Jeff Yelton, acct exec.

JOHN BREUNER CO.
San Ramon, Calif.

Corporate Personnel

Thomas G. Grimes, chmn-ceo

Marketing Personnel

Jeannine Vaughan, dir-mktg
Georgene McDaniel, media dir

Advertising Agency

(In-house) Jeanine Vaughan, dir-adv.

BROWN & WILLIAMSON TOBACCO CO.
Louisville, Ky.

Marketing Personnel

Thomas E. Whitehair Jr., vp-corp mktg
Lincoln R. Lewis Jr., dir-established brands
Robert J. Miller, group prod dir
James L. Hendricks, group prod dir
Kenneth M. Burk, sr brand mgr
Carol L. Lomicka, brand mgr
Susan H. Trebilcock, brand mgr
Jane G. Curtis, brand assoc
Diane E. Seagle,brand assoc
M. Carrie Canavan, brand assoc
Lee D. Johnson, brand assoc
Gail Lyttle-Green, brand assoc
Frank L. Criss, merch materials mgr
Fran Canary, mgr-media services
Nancy S. Spriggs, mgr-promo services
Cathy L. Barlow, special promos mgr
Linda L. Greenwell, promo couponing super
Donna G. Fryman, coupon misredemption super
I. David MacDonald, dir-intl brands
John B. Judd, group prod dir
Nancy G. Naughton, brand mgr
Jan K. Tharaldson, brand mgr
Glenn D. Raphael, dir-mkt rsch
Jim F. Wilhelm, group rsch mgr
Larry E. Gravely, group rsch mgr
Robert J. Kopp, group forecasting mgr
Hal T. Hughes, mgr-industry analysis
Denise J. Anderson, brand assoc
Nick J. Wilkerson, brand assoc
Alice L. Kirby, sr analyst-forcasting
Bruce R. Pellett, sr mktg rsch analyst
Fran L. Wilke, mkt rsch analyst
Debbie A. Beatty, mkt rsch analyst
Carolyn B. Pugh, mkt rsch analyst
Bonnie L. McCafferty, dir-new prods
R. Dean Sharp, group prod dir
Paul S. Wessel, group prod dir
Nora E. Steinschulte, sr brand mgr
Suzanne D. Zolper, brand mgr
Karen J. Brotzge, brand assoc
Rob D. Stowe, brand assoc
Robert M. Grimes, brand assoc
Lanny W. Butler, vp-sales
Charlie C. Middleton, dir-sales devel & admin
Glenn A. Korfhage, dir-trade devel

Advertising Agencies

Geer, DuBois, New York—Richland cigarettes—Brian Sherwood, exec vp-acct mgr; Mike Garcia, vp-acct super; Sergie Kuharsky, acct exec.

Ogilvy & Mather, Chicago—Barclay, Kool (US and intl); Kim (US only); Kent, Lucky Strike (intl only); media planning and buying for all brands—Rod Parker, sr vp-mgmt super; Margo Conant, acct super.

IVEY'S CAROLINA
Charlotte, N.C.

Corporate Personnel

James H. Shaw, chmn-ceo

Marketing Personnel

Richard L. Schwab, sr vp-sales promo

Advertising Agency

(In-house)—Richard L. Schwab, sr vp-sales promo.

IVEY'S FLORIDA
Orlando, Fla.

Marketing Personnel

Mason Allen, sr vp-merch
Raymond Cole, sr vp-dir adv

Advertising Agency

(In-house)—Raymond Cole, sr vp-dir adv.

MARSHALL FIELD'S
Chicago, Ill.

Corporate Personnel

Philip B. Miller, chmn-ceo
Burnett Donoho, president-coo

Marketing Personnel

Katharine Davis, vp-direct response
Christina Johnson, sr vp & genl merch mgr
David Ball, vp-mktg

Advertising Agency

(In-house) Creative Field's.

SAKS FIFTH AVENUE
New York

Corporate Personnel

Melvin Jacobs, chmn-ceo
Burton M. Tansky, president

Marketing Personnel

Paul Le Blang, sr vp-dir mktg
Helen O'Hagan, vp-pr
William Berta, sr vp-sales promo & adv
Becky Wong, creative dir
Linda Gaunt, dir fashion publicity & pr mgr

Advertising Agency

(In-house)—Ross Bonanno, production mgr.

THIMBLES
New York

Corporate Personnel

Joseph S. Connelly, chmn-ceo
Carolyn L. Swearengin, president

Advertising Agency

(In-house).

RANK **66**

Bayer AG

Leverkusen, W. Germany

($ in millions)

Worldwide	1986	1985	% chg
Sales	18,769	15,782	18.9
Net income	620	432	43.5
U.S.	**1986**	**1985**	**% chg**
Sales	4,200	4,000	5.0
Operating profits	308	330	(6.7)
Advertising	126	108	16.4
U.S. div. sales	**1986**	**1985**	**% chg**
Mobay	1,710	1,599	6.9
Miles	1,225	1,177	4.1
Agfa-Gevaert	765	797	(4.0)
Haarmann	40	31	29.0
Deerfield Urethane	19	15	26.7

For the first time in a decade, a sales increase was reported for the Alka-Seltzer brand, the leading advertised product at Miles Laboratories, the major U.S. unit of Bayer USA Inc., Pittsburgh. Bayer USA is the newly formed U.S. holding company for West German-based Bayer AG.

Contributing to Alka-Seltzer's results was a flavored line extension introduced in the fourth quarter of 1985. The line got a new entry in March 1987—Extra Strength Alka-Seltzer. The brand's performance in 1986 was influenced by measured media spending of $20.8 million for regular and flavored Alka-Seltzer, up 5.6% from the prior year, and new packaging. Since July 1986, the product has been carried exclusively in foil packages marketed for convenience, freshness and portability.

Miles, based in Elkhart, Ind., also spent $17.7 million in measured advertising on its Alka-Seltzer Plus cold medicine, which is to be joined in the coming cold season by Night-Time Alka-Seltzer Plus cold medicine.

Miles Laboratories does the bulk of the advertising for Bayer USA, which also includes Agfa-Gevaert, Compugraphic Corp., Mobay Corp., Haarmann & Reimer Corp., Deerfield Urethane, NRC Inc. and Wyrough & Loser.

Miles net income in 1986 was $29 million, up 31%, on sales of $1.23 billion, up 4%. Sales at Bayer USA, formed July 1986, increased 4.4% to $4.2 billion during its first year. However, profits declined 3% to $107 million. Bayer's results accompanied a significant decline in the value of the dollar against the parent company's currency, the Deutsche mark. The company calculated the average value of the dollar at DM2.17=$1 in 1986. The same conversion was applied to 1985 figures by ADVERTISING AGE.

Miles also reported that vitamin sales firmed after several years, led by Within multivitamins for women, introduced mid-1985 as a reformulation of One-A-Day With Iron by adding more calcium and iron to the product. The sales improvement came despite an 11.6% decline in measured media spending to $3.8 million.

Flintstones held its lead in the chewable vitamins market with an $8.8 million push, up from $3.5 million in 1985, as did sugar-free Bugs Bunny chewable vitamins with just under $1 million support, down from $3.5 million in 1985.

Also in its consumer healthcare division, Miles introduced Triple Antibiotic Bactine Ointment with polymyxin B, bacitracin and neomycin, in the fourth quarter of 1986.

S.O.S. Glass Works, a vinegar-based glass cleaner that went on the market in April 1986, contributed to a 19% increase in sales for the consumer household products division. The Bayer USA unit spent $5.9 million promoting the new product, positioned against Drackett Co.'s Windex, which holds a 58% share of the glass cleaner market and Texize's Glass Plus, which claims 22% of market.

Miles spent $4.1 million, down 4.7%, to hold onto a market for its S.O.S. Steel Wool Soap Pads. Use of microwave ovens and changing eating patterns have depressed soap pad use.

S.O.S. Oven Cleaning Pads, the only such pads on the market and the only nonaerosol with significant market share, were reformulated early in the year to attack baked-on soils. The product received only $311,000 in measured media support, down from $1.7 million in 1985.

Cutter Insect Repellent entered the year with a large inventory carryover, but two developments may improve prospects. The U.S. Environmental Protection Agency approved a new biting-fly repellent compound, and the company designed a slim-line can to appeal aesthetically to customers. Cutter received $591,000 in ad support, down 34.8%.

In 1986, Miles' pharmaceutical division introduced Adalat (nifedipine), used for angina pectoris. The new product became Miles' first cardiovascular drug. A drug for the treatment of hypertension and an antimicrobial drug are under Federal Drug Administration review for release.

Miles consolidated its Cutter biological division, a world leader in plasma products, into its pharmaceutical division during the year to strengthen its presence in the hospital market. It also bought the assets of Columbus Dental Manufacturing Co. of St. Louis to bolster U.S. dental sales for Bayer, merging the acquisition into the Cutter dental division of its pharmaceutical unit.

In 1986, Miles completed the transfer of all manufacturing and packaging lines for consumer healthcare from West Haven, Conn., to Elkhart.

By the end of this year, the company expects to complete its $35 million research center in West Haven. The research center's first phase will house Molecular Diagnostics Inc. and Molecular Therapeutics Inc., as well as the Miles Institute of Autoimmune Diseases.

Miles attributed a 20% increase in sales in its diagnostic division to blood and urine test strips and the Glucometer II, which allows diabetics to test their blood sugar any time and place. The Glucometer II with Memory, introduced in 1986, helps patients manage diabetes by remembering 26 glucose results. Glucometer M, introduced early this year, works with the Glucofacts data management system to display trends graphically.

Miles' biotechnology products division maintained a leadership position in the world markets for citric acid, industrial enzymes and dairy ingredients. It reported good growth in 1986 for citric acid used in soft drink markets. In its enzyme technology, Miles will introduce this year a high-alkaline protease for the powdered detergent market. The product is billed as having greater stability and improved stain-removal capability.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	205	0
Magazines	1,670	1,419
Newsp. supp.	913	0
Bus. pubs.	3,264	2,044
Farm pubs.	5,341	4,673
Network TV	39,235	46,368
Spot TV	6,970	3,926
Network radio	16,206	5,572
Spot radio	1,088	1,076
Outdoor	130	111
Network cable	1,158	253
Total measured	76,178	65,441
Unmeasured	49,542	42,559
Total	125,720	108,000

MILES LABORATORIES
P.O. Box 40
Elkhart, Ind. 46515
(219) 264-8111

CONSUMER HEALTHCARE

Marketing Personnel

J.W. Howell, div president
R.C. Foyle, vp-sales
M.B. Streicker, dir-media operations

Corporate Media Buying

Clifford A. Botway Inc., New York—network tv & radio buying—Clifford A. Botway, chmn; Edward Kobza, president.

Advertising Agencies

Boger, Martin, Fairchild & Co., Elkhart, Ind.—Miles overseas military, Miles trade adv—Robert B. Boger, president.

Conill Advertising Associates, New York—Hispanic adv—Maria da Silva, acct super.

McCann-Erickson, New York—Alka-Seltzer, Alka-Mints, Flavored Alka-Seltzer, Extra Strength Alka-Seltzer—Peter Heinz, sr vp-mgmt rep.

Sieber & McIntyre, Chicago—medical/professional adv—Lee Heiman, group acct super.

Tatham-Laird & Kudner, Chicago—One-A-Day vitamins, Bactine antiseptic, Bugs Bunny & Flintstones vitamins—Bill Youngclaus, ceo.

Wells, Rich, Greene, New York—Alka-Seltzer Plus Cold Medicine—Kenneth Olshan, chmn, WRG Worldwide; J. Weinstein, mgmt super.

CONSUMER HOUSEHOLD PRODUCTS

Marketing Personnel

S.M. Reim, div president
H.G. Fitts, vp-mktg
M.N. Redlin, vp mktg-new prods
R.R. Rowe, dir-U.S. sales

Advertising Agencies

DDB Needham Worldwide, New York—S.O.S & S.O. Ezy soap pads, S.O.S oven cleaning pad, Glass Works—Grant Roberts, exec vp; Ira Grindlinger, vp-mgmt super; Barbara Altneu, acct super.

Tatham-Laird & Kudner, Chicago—Cutter insect repellent—Kirk R. Borland, sr partner; Jim Hill, acct super; Gary Epstein, acct exec.

BIOTECHNOLOGY PRODUCTS

Marketing Personnel

Klaus E. Seeger, corp exec vp
H.C. Stalter, vp-mktg food & dairy prods
D.J. Spence, vp-mktg enzyme prods
F.W. Cogiianese, dir-sales
F.N. Robison, dir-mktg

Advertising Agency

Ash Advertising, Elkhart, Ind.—citric/industrial—J.B. Ash, president.

MARSHALL PRODUCTS
Madison, Wis.

Marketing Personnel

R.A. West, vp-mktg
K.J. Woldt, sales mgr, food & dairy prods
D.G. Whitehead, sales mgr-agricultural prods
N.J. Wood, mktg mgr

Advertising Agency

Stephan & Brady, Madison, Wis.—Hugh Brady, ceo; Jack Ragel, president; George Whitely, vp; Matt Joyce, pr acct exec.

DIAGNOSTICS

Marketing Personnel

R.G. Stoll, corp exec vp
A.D. Fiorillo, exec vp-mktg & sales
T.C. Christensen, vp-intl mktg & sales
K.M. Murphy, mgr-mktg communications

Advertising Agency

Abelson-Taylor, Chicago—clinical/hospital prods—Dale Taylor, exec vp; Nick Kaufman, acct super.

PHARMACEUTICAL

Marketing Personnel

H.K.D. Wallrabe, corp exec vp
G.B. Rosenberg, vp-mktg & sales
J. Patchen, group prod mgr, anti-infectives
Valerie English, group prod mgr, cerebro/cardiovasculars
J.R. Lamb, dir-sales

Advertising Agencies

Thomas Ferguson Associates, Parsippany, N.J.—Thomas Ferguson, president.

Medicus Intercon, New York—John Ibelli, vp.

HOLLISTER-STIER

Marketing Personnel

R.M. Galustian, group exec vp-head, allergy business unit
Rey Yvars, dir-mktg & sales
E.T. Hamilton, natl sales mgr
Charles Gursky, natl mktg mgr

Advertising Agency

Medicus Intercon, New York—John Ibelli, vp; Karen Nelson, acct exec.

BIOLOGICAL

Marketing Personnel

R.M. Galustian, group exec vp-head, biological business unit
V.H.J. Shalson, vp-mktg
W.G. Johnson, vp-sales

Advertising Agencies

Deltakos, Inc., New York—intravenous immune globulin & Alpha I proteinase inhibitor—Sonia Mahler, acct exec.

Rainoldi/Kerzner & Radcliffe, San Francisco—blood bag line & professional services dept—Jay Kerzner, vp-acct svcs.

Rolf Werner Rosenthal, New York—immune serum globulin prod & coagulation prods—Bruce Leeb, acct group super.

Top 25 supplement advertisers

		Newspaper supplement ad expenditures			as % of co.'s
Rank	Advertiser	1986	1985	% change	1986 ad total
1	RJR Nabisco	$36,929.9	$35,883.1	2.9	3.9
2	Philip Morris Cos.	17,306.7	19,601.0	(11.7)	1.3
3	CBS Inc.	15,718.6	13,719.8	14.6	8.5
4	Franklin Mint	9,505.0	8,741.2	8.7	18.8
5	General Motors Corp.	8,268.4	2,594.4	218.7	1.0
6	Raffoler Inc.	7,210.7	5,003.4	44.1	46.0
7	Loews Corp.	6,861.4	4,023.9	70.5	4.7
8	Horn & Hardart Co.	6,617.8	3,529.2	87.5	N/A
9	Chrysler Corp.	6,107.8	2,184.5	179.6	1.4
10	Nutrition Headquarters	5,530.3	5,901.1	(6.3)	N/A
11	General Electric Co.	4,933.0	5,031.9	(2.0)	1.4
12	Brown-Forman Corp.	4,663.5	5,339.0	(12.7)	4.7
13	F.W. Woolworth Co.	4,253.5	4,421.9	(3.8)	5.7
14	Ford Motor Co.	3,852.9	1,396.6	175.9	0.6
15	American Telephone & Telegraph	3,751.4	4,989.9	(24.8)	0.9
16	Hamilton Collection	3,693.2	N/A	N/A	N/A
17	American Brands	3,628.9	363.8	897.5	2.3
18	Sears, Roebuck & Co.	3,246.8	862.2	276.6	0.3
19	Seagram Co. Ltd.	3,176.8	1,930.8	64.5	3.3
20	Drake Walter & Sons	3,107.5	1,262.1	146.2	N/A
21	Estee Lauder Inc.	3,027.9	2,992.1	1.2	4.5
22	Michigan Bulb Co.	2,776.2	2,662.7	4.3	N/A
23	Sunday Marketplace	2,617.7	N/A	N/A	N/A
24	Neutrogena Corp.	2,492.4	2,212.7	12.6	N/A
25	E.I du Pont de Nemours & Co.	2,101.2	3,237.9	(35.1)	1.9

Source: Publishers Information Bureau as reported by Leading National Advertisers
Note: Dollars are in thousands

RANK
13

BCI Holdings

Chicago

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	8,926	8,400	6.2
Net income	(79)	111	(171.2)
U.S.	**1986**	**1985**	**% chg**
Sales	5,809	5,925	(2.0)
Operating profits	519	467	11.1
Advertising	536	612	(12.5)
Division sales	**1986**	**1985**	**% chg**
U.S. foods	4,817	4,868	(1.0)
Consumer prods.	1,243	1,177	5.6
Int'l foods	2,866	2,255	27.1

If Beatrice had continued its corporate "family" ad campaign this year, the appropriate tag line might have been "We WERE Beatrice."

While other food giants have been busily acquiring smaller, regional companies to boost market share and increase brand recognition, BCI Holdings Corp., the parent of Beatrice Co., has been selling off subsidiary after subsidiary—its latest offering being Beatrice itself which it put out for bids earlier this month.

By divesting itself of a mixed bag of specialty and non-food subsidiaries, the company has trimmed down into a food marketing company called Beatrice Co., consisting primarily of Beatrice/Hunt-Wesson, Swift-Eckrich, Beatrice Cheese and Tropicana Products.

The divestitures give the core foods group a chance to refocus its marketing efforts, free of the distractions caused by last year's "We are Beatrice" umbrella campaign—that is assuming Beatrice remains a unit after its presumed sale. Although the family of brands emphasis was embraced by the central office in Chicago, lower-level management was uncomfortable with the idea of abandoning longtime primary affiliations with the better-known subsidiaries.

The sales of non-food businesses were part of the strategy Chairman Donald P. Kelly put into place when BCI Holdings took Beatrice private in April 1986 in a $6.2 billion leveraged buyout financed by Kohlberg, Kravis, Roberts & Co., New York. Mr. Kelly and KKR had teamed up to create BCI Holdings. Since the merger, BCI has been selling operations to pay off its debt load and has been getting top dollar.

For example, Beatrice's Los Angeles-based bottling operations sold for $982 million to Coca-Cola Co., Atlanta, in September. Beatrice's Americold refrigerated warehouse business was sold to Kelso Americold Inc. in November for $480 million.

The leveraged buyout was put together by Kelso & Co., a New York-based private investment banking firm that created the new company.

Beatrice also sold this July its bottled water business, based in Monterey Park, Calif., to Perrier Group of America for an estimated $400 million.

Beatrice's bottled water division, the leading processor and distributor of bottled water in the nation, markets Arrowhead brand water in California and Arizona, Ozarka water in Texas and Great Bear water in the Northeast. Beatrice got the three water companies in 1982 with the acquisition of Coca-Cola Bottling Co.

Beatrice sold its dairy products subsidiary—the base on which the conglomerate was built—to Borden Inc. for $315 million last October. The acquisition nearly doubled Borden's dairy product sales, extending the company's market into the Midwest, West and Hawaii. It also gave Borden a number of recognizable brand names, including Meadow Gold milk, Viva low-fat dairy products, Louis Sherry ice cream, Mountain High yogurt and Hotel Bar and Keller's butter.

Those sales, combined with previous divestitures of Avis car rental and leasing, plus personal products, knitwear and specialty printing of the consumer products unit, totaled an estimated $3.8 billion.

In 1987, BCI made more strides toward paying off its debt. In May, the company spun off E-II, a public holding company that took with it almost all of Beatrice's non-food lines, including Samsonite luggage; Stiffel lamps, Culligan water products and Louverdrape window coverings. The consumer products subsidiary had net sales of $1.1 billion for the fiscal year ending February 1987.

E-II also took over the food specialties subsidiary, which accounted for almost $250 million in net sales in fiscal 1987. The food specialties include Lowrey's meat snacks; Aunt Nellie's Farm Kitchens, which make canned and glass-packed vegetables; Martha White baking mixes and ANF pet food products.

BCI figured the 15 operating companies included in E-II accounted for 20% of BCI's assets, so E-II took on a like amount of the private company's debt, $800 million. BCI received the money when the stock offering and a $1.5 billion debt offering were made.

Mr. Kelly took over E-II, relinquishing his post as BCI chief executive to Frederick B. Rentschler, the head of its U.S. Foods unit. Mr. Kelly's reputation as an inveterate dealmaker was enhanced by the creation of two acquisition subsidiaries, one to target companies with sales of up to $500 million, the second to buy companies with sales up to $5 billion. Some observers were surprised that Mr. Kelly made no acquisitions in the first quarter of E-II's existence, given the company's reported $5 billion line of credit.

BCI's coffers were filled again in August when a relatively unknown investment firm bought Beatrice's International unit for $985 million. The buyout by TLC Group, New York, financed by Drexel Burnham Lambert Inc., made TLC the largest black-owned business in the nation. The chairman of TLC, Reginald F. Lewis, previously had bought and sold McCall Pattern Co.

Mr. Lewis said he planned to sell off portions of the unit to retire the debt load. He achieved that goal quickly by negotiating the sale of Beatrice Canada to Onex Corp., Toronto, for a reported $225 million and the sale of Beatrice Australia to Cadbury Schweppes Australia Ltd. for an estimated $90 million. TLC reportedly has the Latin American business on the block as well; Mr. Lewis says he plans to concentrate on the company's European operations, and even those might be for sale.

The core U.S. Foods operation now up for sale should attract considerable attention because of the number of its large number of leading brands: Hunt tomato products, Wesson cooking and salad oils, La Choy oriental foods, Peter Pan peanut butter, Swiss Miss cocoa mixes and puddings, Fisher nuts, Orville Redenbacher's popcorn, County Line cheeses and Butterball turkey products. The sale adds credence to Mr. Kelly's onetime comment that "Everything is for sale."

Those brands were enhanced by increased spending last year, a benefit of diverting ad dollars from the corporate campaign.

For example, Hunt tomato sauce and tomato products were backed by nearly $2.6 million in measured spending, up 86%. Orville Redenbacher's popcorns and oils got $15.2 million, up 28.8%, and Tropicana pulled in $13.5 million, up 53.4%, according to BAR/LNA.

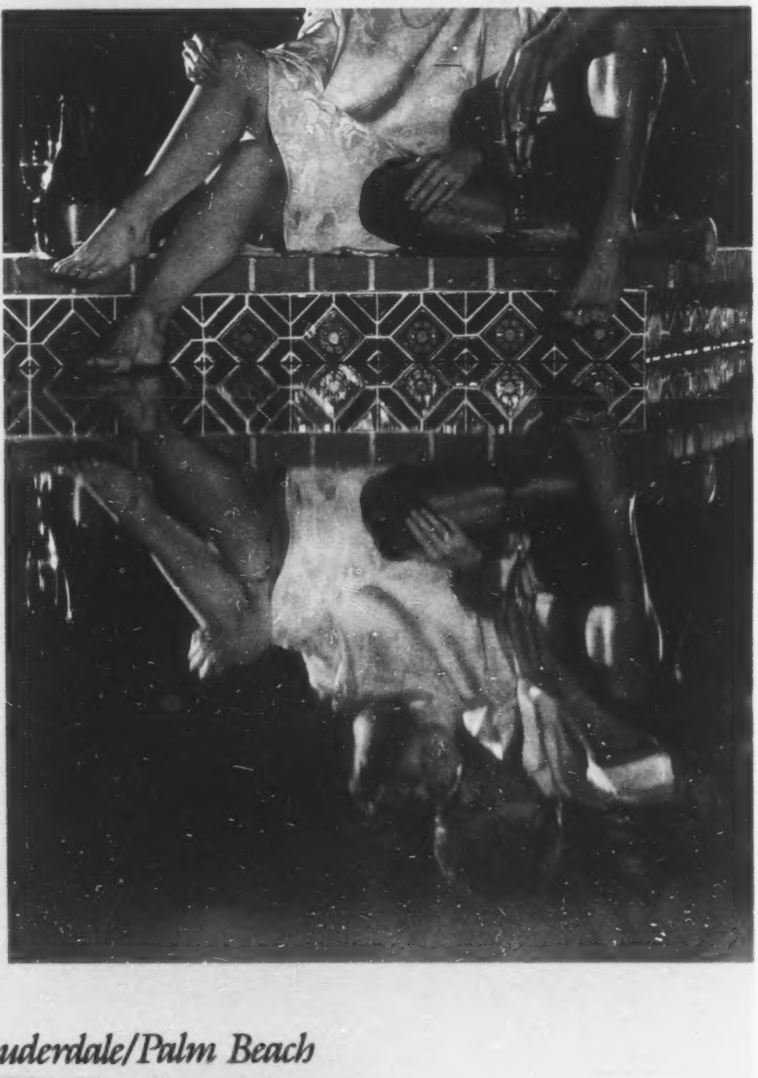
ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,652	8,773
Magazines	15,682	22,482
Newsp. supp.	563	765
Bus pubs	2,717	1,379
Network TV	58,710	70,964
Spot TV	47,798	44,226
Network radio	4,361	5,432
Spot radio	12,110	12,198
Outdoor	229	273
Network cable	950	1,167
Total measured	146,771	167,659
Unmeasured	389,081	444,452
Total	535,852	612,111

BCI HOLDINGS CORP.
2 N. LaSalle St.
Chicago, Ill. 60602
(312) 782-3820
Corporate Personnel
Donald P. Kelly, chmn
Frederick B. Rentschler, president-ceo
Roger T. Briggs, vice chmn-cfo
U.S. FOODS
Corporate Personnel
Frederick B. Rentschler, president
E-II HOLDINGS INC.
Corporate Personnel
Donald P. Kelly, chmn-ceo

More about Florida's Money Market

Fort Lauderdale/Palm Beach is the #1 major Florida market in per capita retail sales.



The News/Sun-Sentinel delivers two out of three readers in Florida's affluent Money Market.

Fort Lauderdale/Palm Beach
News/Sun-Sentinel
Florida's Money Market

Represented nationally by C.W.O. & O.; Sunday Magazine Network, in Florida by Publishers Representatives of Florida.
The News/Sun-Sentinel is a Tribune Company Newspaper.

Advertising agencies

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—County Line cheeses, Treasure Cave cheeses, Reddi Whip—David Fisher, sr vp-group mgmt super; Peter Switzer, acct super; Billy Granger, acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Martha White flour & mixes, Gladiola corn bread mixes, Bonkers cat treats—Ron Harvieux, sr vp; Dianne Yeager, acct exec.

Leo Burnett USA, Chicago—Lowrey's, Eckrich Meats, Plume de Veau Veal, Kneip Corned Beef, Tropicana, Samsonite—Mike Hall, acct dir; Jim Wisman, Bob Hall, acct supers; Doug Porter, Cathy Kirchner, Amy Curet, acct execs.

Dailey & Associates, Los Angeles—Hunt's All Natural barbecue sauce; Sunlite oil; Peter Pan peanut butter; Snack Pack; new prods—Jane Fox, mgmt super; Mike Fielding, acct exec.

Grant Jacoby, Chicago—Culligan Intl—Brian Buda, acct super; Kimberly Vigneux, Cindy Davis, acct execs; Nancy Erickson, acct coord; Malcolm Gordon, media dir; Tim Frye, assoc media dir; Diane Mazmanian, asst media dir; Andrea Murphy, creative dir.

HBM/Creamer Rosenthal, Chicago—Stiffel Lamps—Debbie Cahill, media planner; Tom Lewy, acct super; Joan Whelan, acct exec.

HDM/Dawson, Johns & Black, Chicago—Rusty Jones rust preventative—Bob Davies, acct super; Becky Fulgoni, acct exec; Eric Olson, copy super; Carolyn Hindel, art super; Brian O'Mara, sr media planner.

Ketchum Advertising, San Francisco—Orville Redenbacher popcorn, Manwich, Hunt's tomato sauce and paste, Hunt's ketchup, Wesson oils, new prods—Lynn Upshaw, group dir; Diane Snedaker, group dir; John Faville, Pat Martin, mgmt supers; Laurie Gadree, Bill McGee, acct supers.

J. Walter Thompson USA, Chicago—Beatrice Intl food segment, La Choy canned, frozen entrees & soy sauce, Rosarita canned & frozen foods, Swiss Miss pudding bars & cocoa, Fisher nuts—Melissa Murphy, sr vp-group acct dir; Carol Singer, vp-acct dir; Mary Auster-Shanesy, vp-sr acct super; Theresa Lipo, Laura Frerichs, Kevin Murnane, acct reps; Louis Heileman, asst acct rep.

Zechman & Associates, Chicago—Swift-Eckrich deli products, Butterball deli breast; Richard Brayer, mgmt super; Elizabeth K. Gray, acct exec.

Agency/client relationships

Mary Wells Lawrence is a board member at Ralston Purina, a major client of her agency, Wells, Rich, Greene Inc.

Beecham Group PLC

RANK **73**

Brentford, Middlesex, U.K

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	3,342	3,031	10.3
Net income	710	592	20.0
U.S.	**1986**	**1985**	**% chg**
Sales	903	869	3.9
Operating profits	264	N/A	N/A
Advertising	116	187	(37.9)

The effects of new leadership became apparent during 1986, as the Beecham Group PLC focused its U.S. efforts on its strong health and personal care businesses, while selling off some of its lagging cosmetics and consumer products operations and cutting back on total U.S. ad spending by 37.7%.

After nearly a year under the interim leadership of Lord Keith of Castleacre, Beecham got a new chairman, Robert P. Bauman, in September 1986. Under his leadership, Beecham has disposed of 13 businesses worldwide for a total sale price of $331.52 million (£1 = $1.40) and leveraged its existing brands through line extensions and new product introductions. Proceeds from sales during the company's fiscal 1987 (ending March 31, 1987) helped boost earnings per share by 17%.

Total advertising expenditures were estimated by AD AGE as $115.8 million in 1986—down from $186.5 million the previous year, a drop of 37.9%.

Key to the success of Beecham's U.S. consumer products operations was the January 1986 acquisition of Norcliff Thayer, with its Tums, Oxy and Avail brands and estimated sales of about $165 million. Value of the acquisition was enhanced through the profits of the sale of Reheis Chemical Co., a manufacturer of proprietary drugs. Reheis, acquired from Revlon along with Norcliff Thayer, was sold in April 1986 to a management group for $23.5 million.

Later in the year, Beecham Products Division sold its Ace Comb division to Goodie Products, a manufacturer of hair brushes and accessories, for $3 million.

After having the Germaine Monteil Cosmetiques on the market for some time, Beecham found a buyer in March 1987 for Monteil, which has been a poor performer for Beecham since its 1985 acquisition for $105 million from B.A.T. Industries PLC. Beecham disposed of the U.S. business of Germaine Monteil, world rights to Diane von Furstenberg and U.S. distribution of Lancaster cosmetics to Revlon for a figure estimated by industry sources at $2.5 million to $10 million.

Beecham Home Improvement Products then sold its Roberts Consolidated Industries subsidiary to an investor group for $45 million. The company has announced its intentions to find a buyer for its remaining U.S. home improvement business, Dayton, Ohio-based DAP Inc.

Beecham succeeded with line extensions in its consumer products businesses, while it had mixed results with new introductions. Its Adidas men's fragrance line made a very successful debut, while the failure of the introduction of Delicare cold water detergent for delicate fabrics has led the company to sue its market researcher.

Beecham rolled out a Sucrets Spray in the U.S. with $4.9 million in measured spending in seven media measured by BAR/LNA.

Oxy 10 acne remedy, a new product in Norcliff Thayer's Oxy skincare line, received $4.1 million in measured spending. Oxy 10 is the market leader in the medicated facial care category with a 23.7% share, compared with No. 2 Procter & Gamble's Clearasil (22.8%) and No. 3 Sterling Drug's Stri-Dex (11.8%).

Adidas men's fragrance and toiletries were introduced to the U.S. by Beecham Cosmetics in 1986 with $2.1 million in measured spending. Adidas had been licensed by Beecham's West German subsidiary, Margaret Astor Cosmetics, for European distribution.

Delicare was launched by Pittsburgh-based Beecham Products in early 1986, supported with $8.2 million in measured spending. Though Delicare captured 17.4% of the $103.5 million market segment and helped spur an 18.7% unit growth in the segment, results fell far short of expectations. Market leader Woolite (American Home Products' Boyle-Midway) lost share, falling from 91% to 74.5%.

As a result of less than expected sales, Beecham has launched a $24 million suit against Saatchi & Saatchi's Yankelovich, Skelly & White/Clancy, Shulman. In the suit, Beecham says the company was led to believe it could top Woolite for No. 1 position in the market. The suit alleges that without the study and its projections, "Beecham would not have introduced Delicare and would not have supported that introduction with the highest of the proposed media spending levels."

Major ad spending in support of Delicare was cut back in early 1987. As a result of the heavy product introduction spending, 1986 media expenditures in support of other Beecham Products brands were curtailed. Spending on Aqua-Fresh toothpaste dropped 68.6% to $8.08 million and its market share continued downward to 10.5% by year end from 11.5% at the beginning of 1986. P&G dominates the market with 39% share followed by Colgate-Palmolive (23%). Beecham is No. 3 in the market.

Measured spending on Aqua Velva aftershave dropped 74.6% to $1.06 million; Geritol spending dipped 80% to $1.66 million; Massengil decreased 78% to $2.6 million, and N'ice lozenges spending fell 55% to $1.3 million.

Spending on Norcliff Thayer's consumer brands was unaffected by the Delicare situation. Tums antacid was supported with $9.6 million, up 1%. Oxy medicated pads maintained spending at $1.2 million. Avail multi-vitamins for women experienced a 336% increase in spending to $4.6 million.

Chicago-based Beecham Cosmetics conducted an agency review in 1986 for its Yardley, Jovan and Vitabath products. The estimated $10 million creative account, formerly handled by Wagner & Associates, was awarded to HBM/Creamer, Boston.

WE WOULD NEVER USE LANGUAGE LIKE THIS IN OUR OWN PUBLICATIONS.

You're reading this ad in English. And, frankly, the English language has no place in our magazines.

SpanAmerica is the DeArmas Hispanic Magazine Network, the largest group of Spanish language publications in the United States.

Today, there are nearly 20 million Hispanic-Americans. Representing some $134 billion in purchasing power. And the vast majority is far more comfortable in Spanish than English. Especially when it comes to the printed word. SpanAmerica provides the magazines they need. Read. And respond to.

There are thirteen vibrant, full color publications altogether. Some of which are targeted to women. Others are geared primarily to men. Several are designed to appeal to anyone and everyone.

Most important, our total readership includes an estimated 2.5 million U.S. Hispanics every month. And you can use our network to buy as selectively as you wish. Nationally, regionally or locally. Men or women. We can give you precisely the audience you want to talk to.

Keep in mind, too, that our sphere of influence extends well beyond the borders of the United States. We're the largest publisher of Hispanic magazines in the world today, with publications in every Spanish speaking country. So a great many of our readers are used to seeing your ads in their countries of origin. Shouldn't they see them in the U.S. as well?

Isn't it time you started making friends with this dynamic market? Hispanics represent the fastest-growing market segment in this country. And we can help you reach the very cream. The better educated. The more affluent. The movers and shakers throughout the Hispanic community.

A good way to begin would be to call Damaso Santana (South and West) at (305) 871-6400 or Arnaldo Jimenez (North) at (212) 687-8760. Executive Offices: 6355 N.W. 36th Street, Miami, FL 33166.

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The DeArmas Hispanic Magazine Network

RITMO
TV novelas
BUENH
MAS ENERGIA
COSM

Adidas products were the only Beecham Cosmetics to have media spending of more than $1 million. Other major spending was in support of the four Jovan musk fragrances and oils for men and women, with aggregate spending of $1.75 million. Other Jovan fragrances received total spending of $912,500, up from $460,000.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	205	0
Magazines	5,903	3,739
Newsp. supp	0	31
Bus. pubs	398	546
Farm pubs	889	889
Network TV	47,010	80,252
Spot TV	5,508	17,133
Network radio	5,082	2,648
Spot radio	36	132
Outdoor	0	43
Network cable	1,142	1,092
Total measured	66,172	106,505
Unmeasured	49,705	80,000
Total	115,877	186,505

BEECHAM INC.
Three Garret Mountain Plaza
West Patterson, N.J. 07424
(201) 881-3000

BEECHAM PRODUCTS DIVISION
Pittsburgh, Pa.

Mark D. Lees, vp-mktg
Maurice L. Kelley, vp-mktg svcs
R.M. Lancaster, vp-sales

Advertising Agencies

Avrett, Free & Ginsberg, New York—Brylcreem, Lectric Shave, Calgon water softener, Delicare, new prods—Jack Avrett, chmn; Frank Ginsberg, president; Barbara Hill, sr vp-mgmt super.

Grey Advertising, New York—Aqua-Fresh, Aqua Velva aftershave, Calgon bath prods, Geritol, Massengil, Sucrets, Vivarin, new prods—Robert Burruss, exec vp; Dick Krain, Mel Sokotch, vps-group mgmt supers.

Ogilvy & Mather, New York—Cling Free, Fruit-Fresh, N'Ice, Sominex 2, Sominex 2 Pain Relief Formula—Peter Barnet, group dir; Rick Roth, Mary Gale Senko, acct supers; Larry Hardesty, acct exec.

BEECHAM COSMETICS USA
Chicago

Corporate Personnel

Barry E. Shipp, president
Joseph Aramanda, exec vp

Marketing Personnel

Victor Zast, sr vp-corp mktg
John Small, sr vp-corp sales
Don Deegan, vp-mktg svcs
Peggy Sommerfield, vp-adv & dir-creative svcs
Greta Debofsky, vp-pr

JOVAN INC.

Marketing Personnel

Susan Harris, dir-mktg
Carol Brennan, dir-mktg
Sean Greene, vp-sales
Peter Whitaker, dir-mktg, new prods
Peter Scott, dir-mktg, intl

YARDLEY OF LONDON

Marketing Personnel

John Southern, vp-sales
Chris Broxon, dir-mktg
Valerie Marron, dir-mktg

VITABATH

Marketing Personnel

Jan Mangos, prod mgr
Bob Gould, vp-sales

Advertising Agency

HBM/Creamer, Boston—Jovan cosmetics & perfumes, Yardley of London, Lentheric, Tuvache, Vitabath—Martha Hanscom, acct mgr; Barbara Lawrence, acct super; Mike Reingold, mgmt super.

NORCLIFF THAYER
Tarrytown, N.Y.

Corporate Personnel

Theodore Williams, sr vp

Marketing Personnel

Paul Fraioli, group mktg dir, dir-media svcs
Eileen Fischer, group mktg dir, dir-new prods
Wayne Whitney, sr prod mgr, No Salt, Orafix, Esoterica, Liquiprin, A-200
Paul Madzik, brand mgr, Tums
Teri Rohn, brand mgr, Oxy5, Oxy10
Maria Mirto, brand mgr, new prods
Karen Ahern, brand mgr, Avail, new prods

Advertising Agencies

Carrafiello Diehl & Associates, Irvington, N.Y.—No Salt, Esoterica, Liquiprin, A-200—Robert C. Brandt, exec vp, acct super; John Muhlfeld, vp, group acct super; Patrick Mandarano, acct mgr-medical prods; Phyllis Howe, acct super.

Jordon, McGrath, Case & Taylor, New York—Tums, Oxy, Avail, Orafix—Robert Patton, sr vp-mgmt super; Claire Tordreau, acct super-Oxy; Ellen Fields, vp, acct super-Avail, Orafix, Tums; Robert Burnett, Peter Goddard, acct execs; Sylvia Rodreguez, sr vp, media dir

BEECHAM HOME IMPROVEMENT PRODUCTS
Dayton, Ohio

Marketing Personnel

Gary Cannella, dir-mktg

Advertising Agency

N W Ayer, New York—DAP caulk & seal, Weldwood adhesives, Derusto coatings, Woodlife wood treatments, "230" sealant—Thomas Kirmayer, mgmt super; Jim Kruse, vp-assoc creative dir.

BEECHAM LABORATORIES DIVISION
Bristol, Tenn.

Corporate Personnel

R. Paul Tatman, president
T.G. Wood, exec vp

Marketing Personnel

Edward Ruane, vp-sales
Robert L. Widerkeher, vp-animal health div
Jack Johnson, mktg dir
John Battel, natl sales mgr

Advertising Agencies

Frank J. Corbett, Inc., Chicago—Timentin, Augmentin, Amoxil, Nucofed, oral antistaphs, injectable antibiotics—Jim Miller, exec vp; Bill Marotti, vp; Ken Stevens, acct super.

Charles Tombras Advertising, Knoxville, Tenn.—veterinary pharmaceuticals—John Welsh, Guy Seymour, acct execs.

Trunk/Shea & McCaffrey, Clifton, N.J.—Ticar, Tigan, Anexsia-D, Fastin—dePaul R. Trunk, president; Thomas G. Shea, vp

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Who are the global chewers?

The biggest gum-chomping countries for Wm. Wrigley Jr. outside the U.S. in 1986 were Australia, Canada, West Germany, U.K., Taiwan and Kenya.

Bell Atlantic Corp.

RANK **75**

Philadelphia

($ in millions)

Worldwide	1986	1985	% chg
Sales	9,921	9,084	9.2
Net income	1,167	1,093	6.8
U.S. advertising	115	70	63.4

Division sales	1986	1985	% chg
Local service	4,164	3,897	6.8
Network access	2,685	2,451	9.5
Toll service	1,422	1,363	4.3
Directory adv.	1,096	986	11.1
Other	605	427	41.7

Growth in the advertising of Yellow Pages helped propel Bell Atlantic Corp.'s measured ad spending upward by 82.7%, influencing an 11% growth in the company's Yellow Pages revenues to $660 million in 1986. Overall advertising grew 63%.

The gains, primarily going to spot TV, doubled that medium's usage from $13.7 million in 1985 to $26.7 million in 1986. Ad spending on Yellow Pages offered by Bell of Pennsylvania rose from $651,300 to $3.5 million in 1986; by Chesapeake and Potomac Bell from $52,400 to $3.1 million; by New Jersey Bell from $557,000 to $3.1 million.

Advertising continued the "Dragnet" theme using actor David Leisure, popularized recently by his appearance as "the Liar" on Isuzu auto ads. Mr. Leisure has been company presenter since 1984.

Bell Atlantic along with other regional Bell companies continue to be denied growth into such areas as long-distance service, providing electronic information services (they can transmit data, however) and manufacturing of telephone equipment. Judge Harold H. Greene of the U.S. District Curt for the District of Columbia, continued the moratorium on those services in a decision handed down earlier this month. He did drop the requirement that the companies file special applications with the court for permission to enter non-telecommunications businesses. The bulk of Bell Atlantic's revenues come from its Network Services operations, including telephone companies and Yellow Pages.

In 1986 Network Services introduced two new services for residential customers—the Guardian Plan, a maintenance contract providing enhanced diagnostic and repair services including "loaner" phones, and Residence Service Variety Package, which gives residential users access to features previously available only to business customers, such as distinctive ringing for priority calls, call transfer and intercom.

Also in 1986, Bell Atlantic won its first major customer for its Public Data Network Service, which moves data in short bursts between computers, enabling otherwise incompatible terminals to communicate. Its rollout should be completed by the end of 1987.

The rest of Bell Atlantic's revenues come from its non-regulated companies—Bell Atlantic Enterprises and Bell Atlantic

The 1987 Ad Dollar Summary lists 35,000 Brands and how much they spent in 7 Media.

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These are the very same figures LNA prepares for major media organizations like MPA, TVB, RAB, and IOA. They're used by leading advertisers and their agencies. The trade journals also turn to LNA for media data.

Includes cable TV.
The Ad Dollar Summary tells you how much each of 35,000 brands is spending in consumer magazines, newspaper supplements, network and spot television, network radio, outdoor advertising, and since 1985, cable TV.

Brands are listed in alphabetical order along with their parent company identifications and the media used.

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Top 1000 Companies by total ad dollars.
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There's also a section in the year-end edition showing the top 10 brands in 275 product categories, with a category total.

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Company ______
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Phone ______

Leading National Advertisers
136 Madison Avenue 5th Fl.
New York, NY 10016
(212) 725-2700 or (800) LNA-DATA

BAR LNA

Investment Development Corporation (BAID).

Enterprises stresses service and finance of information and communications equipment. Bell Atlantic Capital Corp., formed last October, manages Bell Atlantic TriCon Leasing and Bell Atlantic Properties, which invests in real estate and development projects. Its portfolio exceeded $300 million in 1986.

In the leasing field, Enterprises expanded with the October purchase of Greyhound Capital Corp., a lessor of computer equipment. It was renamed Bell Atlantic Systems Leasing International and linked to TriCon Leasing.

Enterprises also expanded its presence in the computer service market. Already a force with Sorbus in the computer maintenance field, Bell Atlantic purchased Electronic Service Specialists, a company specializing in servicing minicomputers made by Digital Equipment Corp. Bell Atlantic also acquired Technology Concepts Inc., producer of software for telecommunications and computer networking.

Bell Atlantic Mobile Systems, Enterprises' cellular mobile communications company, expanded in 1986 to cover 106 cell sites in mid-Atlantic states. According to BAR/LNA, advertising for the operation slipped from $795,500 to $61,800.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	6,233	4,370
Magazines	7,546	5,211
Newsp. supp.	67	0
Bus.pubs	1,510	595
Spot TV	26,692	13,705
Spot radio	6,542	6,036
Outdoor	320	149
Network cable	232	0
Total measured	49,141	30,067
Unmeasured	65,376	40,000
Total	114,517	70,067

BELL ATLANTIC
1600 Market Street
Philadelphia, Pa. 19103
(215) 963-6070

Corporate Personnel

Donald H. Van Lenten, vp-corp comm
A. Dennis Mollura, dir-corp comm
Christine Davies, dir-corp comm, Bell Atlantic Corp.
Frank L. McGinley, district staff mgr-corp & Yellow Pages adv

Marketing Personnel

Donald B. Williams, asst vp-adv & pr adm
Robert S. Hoffsis, div staff mgr-adv, sales support
Keith A. Bodamer, district staff mgr-adv, usage svcs
Roy E. Weitzell, district staff mgr-adv, prod & mktg support

Advertising Agencies

Ketchum Communications, Pittsburgh—John Fitzgerald, president-ceo; Tom Rich, exec vp, coo.

Ketchum Advertising, Philadelphia—Gerry Grosso, president; Sam Rand, sr vp, group dir; Tony Price, vp-mgmt super; Gina Hanft, Lucy Erdelac, acct supers; Laura Bell, asst acct exec.

Ketchum Advertising, Washington—Ron Bott, sr vp-genl mgr; Sam Rand, sr vp-group dir; Mark Hurst vp-mgmt super; Fred Jaffke, Vicki Derfler, Amy Toole, acct supers; Bob London, Julie Westerman, Mark Rogers, acct execs; Amanda Gordon, Carol Herrman, Betti Brewer, asst acct execs.

Lewis, Gilman & Kynett, Philadelphia—John K. Kaiser, president-ceo; Michael A. Loprete, sr vp-group mgmt super; A. Thomas Tebbens, Jr., vp-mgmt super; Brian Goerke, acct super; Dale Clouser, Maureen Duffin, Brian Gallagher, acct execs; Rhonda Mariano, acct asst.

Not just suds

Golden, Colo.-based Adolph Coors Co. is highly integrated and diversified as evidenced by its Coors Porcelain Co., a producer of ceramics for electronic and structural industries, and Coors Energy Co., which supplied 79% of the brewer's coal needs and 70% of its natural gas needs in 1986.

Where does your publication stand compared to the competition in advertising revenues earned this year to date?

Turn to LNA for answers.
See page 57

BellSouth Corp.

RANK **100**

Atlanta

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,444	10,664	7.3
Net income	1,589	1,418	12.1
U.S. advertising	83	71	17.2
Division sales	**1986**	**1985**	**% chg**
Local service	4,882	4,543	7.5
Interstate access	2,640	2,493	5.9
Intrastate access	812	796	2.1
Toll revenues	1,460	1,392	4.9
Other	1,708	1,489	14.8

BellSouth Corp., Atlanta, the largest of the seven regional Bell holding companies, is moving quickly to build profits in unregulated businesses. In addition to developing new telecommunications services, the company is following a strategy of acquiring and managing complementary businesses.

BellSouth, which recorded $42.5 million in measured advertising in 1986, up 17% over 1985, spent heavily on its two regulated telephone subsidiaries, Atlanta-based Southern Bell, with $8.1 million in measured media, down 7%, and Birmingham, Ala.-based South Central Bell, with $7.3 million in measured media, up 23%. Measured media spending for both subsidiaries was 81% spot TV, 16% magazine, and 3% other media.

BellSouth is in a strong position for growth and profitability as a result of rising population and healthy economic trends in its nine-state region. Local service revenues grew 7.4% in 1986, which is attributed to an increase of 514,000 access lines in service over 1985. Interstate access revenues in 1986 grew 5.9% and intrastate access revenues grew 2.1%. BellSouth also recorded a 15% improvement in revenues from Atlanta-based BellSouth Enterprises as a result of revenues from acquisitions in 1986, and from improved sales of customer premises equipment.

Total revenues for the first six months of 1987 were $5.98 billion, up 4.2% over the same period in 1986. Net income for the six month period was $834.7 million, up 1%. As part of BellSouth's efforts to improve profits, the company announced an early retirement program in mid-1987. By Nov. 1, 1987, 2,400 managers will have voluntarily left the company.

BellSouth's movement into non-regulated businesses complements its strengths in telecommunications, analysts say. BellSouth's general strategy has been to buy companies with expertise in computer hardware and software systems that would enable it to provide consulting and systems development services.

Examples include the $97 million purchase in March 1987 of Dataserve, headquartered in Windsor, England, and Eden Prairie, Minn. Dataserve provides computer parts, service and maintenance, in addition to computer leasing in Europe and the U.S. BellSouth also announced plans in July 1987 to purchase Universal Communications Systems, Roanoke, Va., for $79 million. UCS is one of the nation's largest independent interconnection companies with a presence in 44 states. The transaction, which is expected to be completed this fall, would provide nationwide equipment and consulting for customer premise equipment.

BellSouth also is expanding its presence in cellular communications and paging systems. On Dec. 31, 1986, the company entered a joint venture with Mobile Communications Corp. of America to provide service in the Jackson, Miss., area. BellSouth International purchased a 40% stake in August 1986 in London-based Air Call, which provides cellular and paging service, media response and telephone answering services in five European countries. No purchase price was released on the acquisition.

As a result of BellSouth's growing capabilities, the company has landed several large international consulting contracts. In January 1987, BellSouth agreed to an 18-year pact to provide voice and data communications equipment and services to Shanghai Center, the largest multi-use real estate project in China.

In March 1987, BellSouth agreed to oversee purchase and installation of digital network equipment for Guatel, Guatemala's national telephone company. In April 1987, BellSouth agreed to a one-year contract to provide telecommunications training and technical support to Telecommunications Consultants Ltd., a part of India's national department of telecommunication.

In November 1986, South Central Bell and Kansas City, Mo.-based US Sprint announced a joint trial of SCB's public switched digital service, and SprintLink switched service. It was the first trial of its kind between a Bell operating company and an interexchange carrier. The application was to provide high speed data transmission service to an industrial user, says Mont Williams, a Sprint VP. "It's one of many developments we have going with the Bell companies. We'd like to make it a ubiquitous national service," he says.

"I expect to see more partnerships between the Bell companies and long distance carriers," says William Rich, senior analyst at New York-based Northern Business Information. "The regional Bell companies are looking to become general service providers to large business customers. This would help them eliminate bypassing of the (Bell company's) network."

BellSouth also is expanding the activities of its Birmingham, Ala.-based BellSouth Advertising and Publishing unit. The unit, which publishes over 500 directories in 517 markets, announced plans to publish Gulf Coast, Northeast Texas and Pacific Northwest editions of its Regional Industrial Pages business directories.

Measured spot TV spending for Yellow Pages advertising by Southern Bell jumped 73% to $3.5 million in 1986. Measured spot TV for South Central Bell fell 9% to $1.5 million in 1986. BellSouth's publishing unit also purchased Dayton, Ohio-based L.M. Berry in April, 1986, for an undisclosed sum. L.M. Berry is the nation's second largest independent advertising sales company.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	6,370	6,820
Magazines	6,203	6,321
Newsp. supp.	103	0
Bus.pubs	64	290
Spot TV	17,702	15,453
Spot radio	11,376	7,143
Outdoor	670	228
Total measured	42,487	36,254
Unmeasured	40,256	34,350
Total	82,743	70,604

BELLSOUTH CORP.
675 W. Peachtree St., N.E.
Atlanta, Ga. 30375
(404) 420-8600

Corporate Personnel

John L. Clendenin, chmn-ceo
M.L. Campbell, vp-corp affairs

Marketing Personnel

C. Richard Yarbrough, vp-pr
M.T. Brandt, adv dir

Advertising Agencies

Burton-Campbell, Atlanta—Alan Burks, sr vp-acct group dir; Mike Lindley, acct super; Jo Ann McCracken, acct exec; Laine Harrington, media planner.

Tucker Wayne & Co., Atlanta—Ed Hinckley, acct super; Kammy Veinson, acct exec.

SOUTHERN BELL
Atlanta

Marketing Personnel

Donald Reichardt, asst vp-pr & public affairs
Donald B. Daves, vp-mktg
John Clark, operations mgr-adv

Advertising Agency

Tucker Wayne & Co., Atlanta—Sid L. Smith, exec vp; Rick McReynolds, Elizabeth Shanklin, Karen Stephens, Mark Kirkpatrick, acct execs.

SOUTH CENTRAL BELL
Birmingham, Ala.

Corporate Personnel

Howard Pallmes, vp-corp affairs

Marketing Personnel

James Gray, asst vp-adv
M.P. Greene, vp-mktg

Advertising Agency

Luckie & Forney, Birmingham, Ala.—Mike Murphy, vp-acct super; Laura Doumont, Chris Brown, acct execs.

BELLSOUTH ADVANCED SYSTEMS
Atlanta

Marketing Personnel

Jim Heibron, vp-mktg
Cynthia Wingo, adv mgr

Advertising Agency

Luckie & Forney, Birmingham, Ala.—Mike Murphy, vp-acct super; R.P. Grillo, acct super; Jacquie Britt, acct exec.

BELLSOUTH MOBILITY
Atlanta

Marketing Personnel

J.A. Thorpe, vp-mktg
D.J. Magraw, adv mgr

Advertising Agency

J. Walter Thompson USA, Atlanta—Kathy McCormick, mgmt super; Jan Freund, acct super; Michael Hanahan, acct exec.

Bristol-Myers Co.

RANK **26**

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,836	4,445	8.8
Net income	590	514	14.7
U.S.	**1986**	**1985**	**% chg**
Sales	3,499	3,286	6.5
Operating profits	778	662	17.5
Advertising	331	344	(3.9)
Division sales	**1986**	**1985**	**% chg**
Pharmaceuticals	1,962	1,754	11.8
Nonprescription	1,377	1,231	11.8
Toiletries	1,058	1,020	3.7
Household prods	439	439	(0.0)

Bristol-Myers Co. showed strong sales and earnings increases in 1986 despite a massive withdrawal of all its capsule products in the wake of two deaths attributed to cyanide capsules taken from tampered Excedrin bottles.

B-M's Clairol unit also ended a 30-year relationship with Foote, Cone & Belding, Chicago—the agency that created the fabled "Does she . . . or doesn't she?" line. Clairol shifted Loving Care to DDB Needham, Miss Clairol to Grey Advertising and Condition shampoos and styling products to Laurence, Charles, Free & Lawson. The assignments represented about $10 million in billings.

New products include Westwood Pharmaceutical's Keri Silky Smooth and the prescription Lac-Hydrin, the first prescription therapeutic lotion approved by the Food & Drug Administration. Westwood also introduced PreSun SPF 29, which offers the highest possible protection from the sun.

Of B-M's $4.8 billion in sales, up 9% from 1985, the greatest dollar volume increase—11.8%—came from its $1.9 billion pharmaceutical and medical products division. The division claims to be the industry leader in anti-cancer drug therapy, and in 1986 introduced VePesid, the fastest-growing anti-cancer drug in the world. The division also introduced BuSpar for the treatment of anxiety.

Sales in nonprescription health products grew 11.8% to $1.37 billion, despite the withdrawal of its OTC capsules— including Excedrin, Datril, Comtrex and Bufferin—after two people died of cyanide-laced Excedrin capsules. The products have since been reintroduced in caplets.

In the OTC products category, B-M's Comtrex, competing in the $800 million cold medicine category, saw a slight 2% decline in ad spending to $9.5 million while it continued to hold its estimated 7% market share. Procter & Gamble's Nyquil remains the leader in the category with an estimated 10% share, down from 12%.

In March, B-M introduced Comtrex A/S, a multi-symptom allergy and sinus reliever that is attempting to cross over into the $125 million allergy segment led by Schering-Plough's Chlor-Trimeton and Warner-Lambert's Benadryl. The product was backed by an estimated $8 million ad budget.

The biggest spending increase backed its ibuprofen product, Nuprin. Nuprin spending increased 27% to $36.2 million, the highest advertised brand in the B-M product portfolio. The heavy spending was believed to have been influenced by new entries expected in the ibuprofen-based analgesic category. In September 1986, an exclusive marketing right granted by the FDA for B-M's Nuprin and American Home Products' Advil ended. And several companies charged forth with their own ibuprofen-based analgesics, a segment that gained 15% of the overall $1.7 billion OTC analgesic market in 1986. Nuprin had a 2.5% share; Advil had a 6% share.

That market has grown to $2.2 billion in 1987, a growth influenced by the new ibuprofen entries. Now competing with Nuprin and Advil are Thompson Medical Co.'s Ibuprin and Johnson & Johnson's Medipren, as well as generic-label products from Bolar, Par Pharmaceutical and Zenith Laboratories. Meanwhile, AHP's Whitehall Labs introduced Trendar and Upjohn Co. introduced Haltran, both marketed for relieving menstrual cramps.

With heavy spending behind Nuprin, B-M's ad spending for its Bufferin aspirin-based analgesic decline nearly 27% percent to about $8.4 million. Spending for Excedrin remained unchanged at $16.5 million.

Bufferin, with a 5% share, trails Excedrin, with 5.5% share; Sterling Drug Co.'s Bayer, with 6%; and American Home Products' Anacin, with 6.5%. Aspirin brands were losing share in the analgesics market due to new painkillers, but the market is back on the upswing now that the FDA has allowed drug companies to advertise the link between aspirin and prevention of heart attack.

Sales of toiletries, beauty products and household products were essentially unchanged from 1986. Toiletries and beauty products accounted for an estimated $1 billion in sales, while household products contributed $439 million.

In household products, B-M was clobbered in the air freshener market after Airwick Industries introduced Magic Mushroom. Magic Mushroom has increased Airwick's share of the $300 million category to 30%, from 12% in 1985. Market share for both B-M's Renuzit (marketed by its Drackett Co. subsidiary) and S.C. Johnson's Glade dropped from 25% to 20%, while the category grew by $50 million in retail sales.

Drackett's Windex also took a beating in 1986 from Miles Labs' Glassworks. While Miles was coming on strong with the April introduction of Glassworks, backed by a $7 million budget, Drackett was dropping ad spending for leader Windex by 21.8% to $3.3 million. The Windex market share took a similar dive, to 44.6% from 51.4% a year ago. Texize's GlassPlus has a 25% share, up from 24%, while Glassworks has 15%.

In personal care products, B-M's Keri Lotion continued to hold an estimated 3% share in the body lotion market, against Unilever's Vaseline Intensive Care's 24% share.

Clairol remains the leader in the haircoloring market, though Cosmair's L'Oreal line has been making steady inroads. Clairol has an estimated 63.7% share against L'Oreal's 26.6% share, according to Salomon Brothers.

With half of the U.S. population to be over 40 by the end of the decade, Clairol has shifted its emphasis to a ore mature audience with endorsers such as "Dynasty's" Linda Evans and "Family Ties' " Meredith Baxter Birney. In 1986, L'Oreal began to fight back with spokeswoman Cybill Shepherd.

Ad spending in 1986 was essentially unchanged at about $30 million for all lines, including Ultress and Loving Care. In 1986, B-M also introduced its Color Visions computer system that allows women to try on new haircolors via computer graphics.

B-M signed an estimated $10 million plus multi-year agreement with Westinghouse Broadcasting & Cable's Group W Productions and its five-station group. It calls for B-M to co-venture with Group W for several years in a new syndicated TV series and to sponsor a package of quarterly health specials.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,880	1,995
Magazines	30,249	28,435
Newsp. supp.	630	727
Bus pubs	295	213
Farm pubs	0	409
Network TV	128,521	127,642
Spot TV	8,055	17,092
Network radio	0	291
Spot radio	460	905

($ in thousands)	1986	1985
Outdoor	0	1
Network cable	5,041	4,456
Total measured	175,131	182,166
Unmeasured	155,866	162,127
Total	330,997	344,293

BRISTOL-MYERS CO.
345 Park Ave.
New York, N.Y. 10154
(212) 546-4000

Marketing Personnel

Marvin Koslow, sr vp-mktg svcs
Thomas D. McCann, vp-corp comm
Peter J. Spengler, vp-adv svcs

CONSUMER PRODUCTS GROUP

Corporate Personnel

Nicholas M. Evans, president

BRISTOL-MYERS PRODUCTS DIVISION

Corporate Personnel

Ronald A. Ahrens, president

Marketing Personnel

Stephen E. Bear, sr vp-mktg & sales

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Datril—James Fenney, sr mgmt super; Frank D'Angelo, acct super.

DDB Needham Worldwide—Excedrin—Rein Luik, exec vp; Lucille Cotugno, sr vp-mgmt super; James Barickman, vp-acct super.

Grey Advertising, New York—Four-Way, Nuprin, Vitalis, Ban Roll-On—Clark Montgomery, exec vp; Herbert Leiberman, sr vp.

Laurence, Charles, Free & Lawson, New York—Bufferin, Comtrex, Congesprin—Susan Holson, mgmt acct super. Comtrex—Robin Coval, mgmt acct super.

DRACKETT CO.
Cincinnati, O.

Corporate Personnel

William F. Flatley, president

Marketing Personnel

John C. Hassan, vp-mktg

Advertising Agencies

Fahlgren & Swink, Cincinnati—Twinkle, O'Cedar, Windex kitchen & bathroom cleaner—Tim Seifert, president, Cincinnati div; Vincent Backley, vp chmn-mgmt super.

Grey Advertising, New York—Behold, Drano Crystals, Drano Line, Windex—Harvey Robinson, mgmt super.

Laurence, Charles, Free & Lawson, New York—Automatic Vanish, Prepared Vanish, Bowl Brite, Endust, Nutrament, Renuzit Roommate, Renuzit Adjustable, Fresh 'n Dry—Richard Goldschmidt, super.

CLAIROL

Corporate Personnel

C. Benjamin Brooks Jr., president
Gerald C. Beddall, president, consumer prods div
Michael A. DeGennaro, president, professional prods div
F. Peter Cuneo, president, personal care div

Marketing Personnel

Nancy Flinn, vp-mktg, professional prods div
John C. Louise, vp-creative svcs, consumer prods div
William G. Lynch, vp-sales, consumer prods div
William H. Ranney, vp-sales, professional prods div
James J. Vatrt, dir-sales, personal care div

Advertising Agencies

Calet, Hirsch & Spector, New York—Clairol appliances, Klorane—Terri Gibralter, mgmt super.

DDB Needham Worldwide, New York—Final Net, Loving Care, Nice 'N Easy, Sea Breeze line, Highlighters—Rein Luik, exec vp; Milton Harkrader, group sr vp; Marianne Moore, vp-acct super.

Gleckler & Co.—Pazazz, Color Play, Clairol PPD (salon), divisional trade adv—Gayle Gleckler, chmn-creative dir; Joel R. Spiegel, president; Micheal Levine, dir-acct services; Susan Rochlis, acct super; John Ansado, creative dir; Laura Zinn, copywriter; Heidi Amsterdam, art dir.

Grey Advertising—Clairesse, Miss Clairol, Ultress.

(In-house)—corporate adv, Props.

Laurence, Charles, Free & Lawson, New York—Condition—Linda Tilton, mgmt super.

Wiseltier & Partners—Clairol PPD (salon)—Catherine Gorayeb, acct super.

MONARCH CROWN

Corporate Personnel

M. Arthur Wilson, president

Marketing Personnel

Walter Loving, vp-sales
George Evans, dir-mktg

HEALTH CARE GROUP

Corporate Personnel

Charles A. Heimbold Jr., president

Zimmer
Warsaw, Ind.

Corporate Personnel

Thomas H. Hughes, president
Ronald L. Davis, exec vp

Medical Engineering Corp.

Corporate Personnel

Robert J. Helbling, president

Marketing Personnel

Jim Ronk, vp-sales
Richard Stolfa, vp-mktg

Jobst

Corporate Personnel

Joseph W. Cilurzo, president

Marketing Personnel

Stephen A. Dezember, vp-mktg & sales

Xomed

Corporate Personnel

William P. Cusick, president

Marketing Personnel

Michael Sinclair, vp-sales
John Madding, vp-mktg

U.S. PHARMACEUTICAL & NUTRITIONAL GROUP

Corporate Personnel

Wayne A. Davidson, president
Raymond C. Egan, exec vp

Bristol-Myers Pharmaceutical Group

Corporate Personnel

Donald G. Harris, president
Randy J. Wheeler, vp-corp mktg
Jeffrey B. Marsh, vp-mktg
Bruce R. Ross, vp-genl mgr, Oncology div
Gary P. Gibson, vp-genl mgr, Bristol Laboratories Pharmaceutical div
Frederick Brubaker, vp-genl mgr, Mead Johnson Pharmaceutical div
John A. Spears, dir-mktg & sales, Apothecon

Mead Johnson Nutritional Group
Evansville, Ind.

Corporate Personnel

Howard M. Willson, president

Marketing Personnel

John Nordberg, vp-mktg
John M. Bullock, vp, genl mgr-Mead Johnson Laboratories

Bristol-Myers Animal Health

Corporate Personnel

Larry W. Zonner, vp & genl mgr

Westwood Pharmaceuticals
Buffalo, N.Y.

Corporate Personnel

Wilfred Larson, president

Marketing Personnel

Barry L. Burnside, vp-mktg & sales

Advertising Agencies

Campbell-Mithun, Minneapolis—MJ Enriched baby food.

F.J. Corbett—Alpha Keri, Keri lotion (medical adv), Pre Sun, Staticin/T-Stat, Westcort, Sebulex/Sebucan, Desquam, Lac-Hydrin, Maxivate, Moisturel, corporate adv—John P. Burns, sr vp-acct exec.

Grey Advertising, New York—BuSpar.

Keller Crescent Co., Evansville, Ind.—Poyi-Vi-Sol, Smurf, Naturacil, Tempra.

Laurence, Charles, Free & Lawson, New York—Keri lotion, Presun, Fostex, Lac-Hydrin—Linda Tilton, mgmt super.

SCIENCE AND TECHNOLOGY GROUP

Corporate Personal

Abramo Virgilio, Ph.D., president
Giulio Vita, Ph.D., president, pharmaceutical rsch & devel div
Robert Nowinski, Ph.D., president, genetic systems
T. John Potter, president, industrial div

Brown-Forman Corp.

RANK **89**

Louisville, Ky.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,404	1,289	8.9
Net income	90	86	4.7
U.S. advertising	99	94	4.9
Division sales	**1986**	**1985**	**% chg**
Wine, spirits	1,064	972	9.5
Home furnishings	194	174	11.5
Personal products	146	143	2.1

As the industry suffered from a decline in demand for distilled spirits, Brown-Forman Corp., the country's second largest distiller, registered a better-than-average performance in 1986. The company geared up for 1987 by tightening its work force and extending its product lineup.

Even though the distiller has experienced some volume declines, most of the Brown-Forman labels are performing better than the overall industry, according to M.L. Conway, an analyst with Value Line Investment Survey.

Brown-Forman formed a new U.S. marketing division in December 1986, Brown-Forman Beverage Co., by combining four wine and spirits companies—Jack Daniel's Distillery, B-F Spirits Ltd., California Cooler Co. and Jos. Garneau Co. The move, which was said to be dictated by a cash drain stemming from Brown-Forman's purchase of California Cooler, sparked a family feud.

The restructuring plan, reported to be the brainchild of company chairman-ceo, W.L. Lyons (Lee) Brown, was opposed by his brother, Martin Brown, who resigned as vice-chairman of the company and chairman of the Jack Daniel's division. William M. Street, vice-chairman of Brown-Forman, was named president and chief marketing officer of the new unit. The goal of the consolidation was to improve profits by trimming the work force.

The company took further steps to simplify the corporate structure on July 31, 1987, when it eliminated the holding company, Brown-Forman Inc., by merging it with Brown-Forman Corp., which previously was the title of the operating company. The move also had tax advantages.

In June 1987 the company sold the Lenox Candles division to Candle Corp. of America, Greenwich, Conn., for an undisclosed amount of cash, and it liquidated the Keepsake diamond jewelry line last year. Home furnishings and personal products divisions at B-F together account for one-fourth of sales and 16% of profits. Wine and spirits command the major share of corporate sales and profits.

The hottest item in that wine and spirits business is California Cooler, bought in fiscal 1986. The agreement involved an upfront payment of $98 million in cash and further payments over the next two years based on case volume—an amount that could cost an additional $44 million.

Although the Brown-Forman cooler product relinquished its crown last year to Gallo's Bartles & Jaymes brand, sales of the California Cooler line increased by 10%, as 13 million cases made their way into the market in 1986. That gave California Cooler a 17.5% share of market compared with Bartles & Jaymes' 22.9% share, according to M. Shanken Communications' wine and spirits industry newsletter, *Impact*.

During the last year, wine cooler sales grew to account for over one-fourth of all wine products consumed in the U.S. Analysts predict the category will reach $1.3 billion in sales this year. Because of the product's popularity and newness, market shares fluctuate wildly. Bartles & Jaymes, with a 17.5% share in 1985 compared with California Cooler's 26.8%, roared past California Cooler in 1986, the first full year for B&J. Seagram's lineup of coolers grew from a 9.3% share in 1985 to 13.6% in 1986.

Last year, California Cooler was supported by a $25 million advertising budget, while competitors Gallo and Seagram spent about $30 million apiece. The 1987 advertising budget for California Cooler reportedly approaches $40 million. The line has been augmented by the addition of two new flavors, tropical and orange, and by larger size offerings--2-liter bottles, 187-milliliter bottles and quarter and half-barrels.

Brown-Forman also has been active in market tests and product roll-outs. Martell Cordon Rubie Cognac entered the market last September and will be rolled out nationally this fall. Bolla Pinot Grigio wine debuted last October, while Bolla Gavi di Gavi came out this September. The Cella line introduced two wine beverage products this year: natural peach and natural raspberry flavors.

Brown-Forman currently is test marketing another cooler product in Texas and Florida, one which capitalizes on the name of its most profitable brand, Jack Daniel's whiskey. Jack Daniel's Tennessee Cooler, a blend of fruit juice and Jack Daniel's Black Label Whiskey, should strengthen both B-F's presence in the burgeoning cooler market and bolster the whiskey brand.

Case depletions of Jack Daniel's Black Label declined by 3.8% in 1986 to 4 million, despite more than $6.3 million in measured media support, up 3%. Among bourbons, Jack Daniel's is No. 2 behind Jim Beam in case depletions and is ranked eighth among all liquor brands, according to *Impact*.

Another strong seller in the stronger spirits category, Canadian Mist Whiskey, remained the country's top Canadian whiskey despite a 5.5% drop in case depletions. The brand received nearly $4 million in measured media support, down 20%.

Rejuvenated by its first new creative advertising effort in three years, Early Times Old Style Kentucky Whiskey broke a $2 million ad campaign in November, which was reinforced by a $1.2 million point-of-purchase effort, all from Ally Gargano/MCA Advertising, New York.

The biggest increase in cases sold was for Korbel Champagne, the fastest-growing California champagne. The 11% increase in volume was matched by a 12.4% increase in sales, which demonstrated a stronger performance than that enjoyed by the category as a whole. Korbel received $2.9 million in measured spending, up 45%.

Conversely, the largest decline in number of cases was the 35% drop by Cella wines. Sales of Cella and Bolla Italian import brands were affected by a weakened

MARKETING—EXECUTIVES
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WHY BE A LITTLE FISH IN A BIG POND?

FOOD STORE SALES ARE BEEFING UP IN TUSCALOOSA.
Tuscaloosa, Alabama outspends Birmingham, the 45th-ranked HH ADI in the United States, for Supermarket, Grocery and Other Food sales-per-person. By as soon as 1990, Effective Buying Income is expected to leap 55%, outperforming Alabama, the East South Central Region, and the entire United States. Total Retail Sales are projected to rise 52%, again beating state, region and national projections and proving that Tuscaloosa is a fat and juicy market that's beefing up even more.

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BEAM COMMUNICATIONS

WCFT-TV, CBS, Tuscaloosa, AL
WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
NBC
KYEL-TV, NBC, Yuma, AZ/El Centro, CA
WDAM-TV, NBC, Laurel/Hattiesburg, MS

Source: 1986 Survey of Buying Power – May 1987, Arbitron
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TUSCALOOSA, ALABAMA

Represented by Katz Continental Television

WCFT-TV
TUSCALOOSA, ALABAMA

dollar. Undaunted, this past March Brown-Forman acquired the worldwide trademark for Fontana Candida premium Italian wines, the world's leading supplier of Frascati wines. The company also bolstered its stake in the domestic wine market last September when it obtained U.S. distribution rights to the Parducci line of California wines, whose major product is a white zinfandel.

ADVERTISING EXPENDITURES

($in thousands)	1986	1985
Newspapers	5,469	8,187
Magazines	24,185	21,862
Newsp. supp.	4,664	5,339
Bus.pubs.	0	7
Network TV	16,210	8,159
Spot TV	4,402	9,799
Network radio	0	259
Spot radio	2,647	542
Outdoor	4,938	5,162
Network cable	506	738
Total measured	63,022	60,052
Unmeasured	35,899	34,208
Total	98,921	94,260

BROWN-FORMAN CORPORATION

850 Dixie Highway
Louisville, Ky. 40201
(502) 585-1100

BROWN-FORMAN BEVERAGE CO.

Marketing Personnel

Louisville, Ky.

Stephen B. Kauffman, exec vp, exec dir-mktg
John V.O. Kennard, sr vp-mktg, spirits
E. Ted Parrack, sr vp-mktg, wines
Jon G. Shastid, sr vp-mktg, California Cooler
Norbert J. Kruer, vp-mktg admin
Richard C. Tongberg, vp-mkt rsch

Nashville, Tenn.

Arthur S. Hancock, exec vp, exec dir-mktg
Timothy D. Younkin, sr vp-mktg, Jack Daniel's
Hans L. Stern, sr vp, group mktg dir, exec dir-Brown-Forman Media Services
Dennis Walsh, vp, line extension devel
Bob Lagow, vp-mktg admin

Advertising Agencies

Advanswers, St. Louis—media planning for Jack Daniel's, Korbel California champagne & brandy, Bols liqueurs—Lee Zobrist, Dave Dasenbrock, acct execs.

Ally Gargano/MCA Advertising, New York—Canadian Mist, Early Times, Southern Comfort, Usher's Old Forester—Bob Lepre, exec vp; Warren Wiegand, sr vp-group acct dir; Hal Tovin, vp-acct dir.

Ammirati & Puris, New York—Bolla wines—Howard Lesman, vp-acct super.

BFV&L, St. Louis—creative on Korbel, Bols, packaging on Jack Daniel's—Loring Van Slyck, Karen Roodman, acct execs.

(In-house) Brown-Forman Media Services, Nashville, Tenn.—media placement, all brands—Terry Crowe, dir.

Burrell Advertising, Chicago—Martell, black mktg Canadian Mist, Jack Daniel's, Old Forester, Cella—Robert Hinton, Jasper Tanner, vp-acct dirs; Greg French, Alisa King, Mark Lee, Esther Terrell, acct execs.

Chiat/Day, San Francisco—California Cooler—Wayne Fulcher, vp-mgmt super; Jamie Goodman, Mike Murphy, acct execs.

FCB/Leber Katz Partners, New York—Bushmills—Laurel Cutler, mgmt super.

Simmons, Durham & Assoc., St. Louis—creative on Jack Daniel's—Les Diveley, acct super.

Zubi Advertising Services, Miami—hispanic mktg Jack Daniel's—Terri Zubi, acct super.

LENOX INC.

Lawrenceville, N.J.

Corporate Personnel

Thomas R. McInerney, vp-mktg, china & crystal
Peter R. Cheyney, vp-adv & mktg comm, china & crystal
Gordon Muckler, dir-mktg, Lenox Collections
William W. Berger, vp-mktg, Lenox Awards
Ron S. Cameron, vp-mktg, ArtCarved
Parke H. Davis, vp-mktg, ArtCarved Class Rings
Dorothy B. Penix, sr vp, Hartmann Luggage

Advertising Agencies

AC&R, New York—ArtCarved—Connie Pappas, acct exec.

FCB/Leber Katz Partners, New York—Lenox China & Crystal, Lenox Collections, ArtCarved Class Rings, Hartmann Luggage—Howard Berg, sr vp-group mgmt dir; Patricia Price, vp-mgmt dir; Cheryl Mather, acct exec (Lenox China & Crystal, ArtCarved Class Rings); Robert Gordon, president, direct mktg; Carlo Ammariti, acct super; Ann Rasmussen, acct exec (Lenox Collections); Liz Greene, vp-acct dir; Joann Valenti, acct exec (Hartmann Luggage).

Fuller seeks other sales doors

Fuller Brush, a Sara Lee subsidiary, is trying to make itself better known on new fronts through the distribution of 15 million mail order catalogs, advertising in newspapers and magazines, and testing retail stores in Dallas. All of this, President Dave Bryan assures, doesn't spell the demise of the Fuller Brush "man." Fuller has 13,000 of them, in both genders, who deal more with referrals today than door-to-door calling.

Campbell Soup Co.

RANK **42**

Camden, N.J.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	4,379	3,989	9.8
Net income	223	198	12.8
U.S.	**1986**	**1985**	**% chg**
Sales	3,557	3,345	6.3
Operating profits	396	354	11.9
Advertising	204	216	(5.3)
Division sales	**1986**	**1985**	**% chg**
Campbell U.S.	2,685	2,500	7.4
Pepperidge Farm	455	426	6.7
Vlasic Foods	204	199	2.6
Mrs. Paul's	137	138	(1.0)
Other U.S.	76	81	(5.8)

Campbell Soup Co. is getting out of a number of businesses that are corollary to its key food-processing activities. Food products, which represent the foundation of the company, also serve as its growth sectors.

In June 1987 Campbell sold its Triangle Manufacturing Co., a manufacturer of fitness equipment, to St. Lawrence Manufacturing of Canada Inc. for an undisclosed price. One month later, Campbell unloaded its Recipe dog food operation to H.J. Heinz Co.'s StarKist subsidiary.

The three remaining H.T. McDoogal's restaurants in the Philadelphia area were sold recently, and Campbell is planning to sell its 16 Annabelle's restaurants in the Southeast and 66 Pietro's Pizza Restaurants in the Pacific Northwest.

Through the first nine months of its current fiscal year (ending early August), Campbell reported sales up 6.4% to $3.49 billion. Of the total, Campbell U.S. (soups, prepared canned foods, dinners) contributed $2.11 billion, up 2.1% from 1986. Larger sales gains came from Mrs. Paul's Kitchens, up 11.7% to $121.4 million, Pepperidge Farm, up 10.9% to $381.3 million, and Vlasic Foods, up 7.8% to $198.9 million.

To beef up its soup category, a slow-growth sector that still accounts for about 40% of Campbell's total sales, the company is pushing higher-margin, value-added microwaveable soups.

In test market are two microwave soup products in ready-to-serve aseptic plastic containers: shelf-stable Cookbook Classics and frozen Soup du Jour. National rollout of Cookbook Classics is slated for fiscal 1988.

"Microwave soup will be very big," says analyst Leonard A. Teitelbaum, VP capital markets at Merrill Lynch. "Campbell has been a leader in research and development and is taking advantage of better packaging. Once microwave soup comes out in a big way, it will be very good for the company."

To further its push into value-added microwaveable food products and microwave cooking information, the company has established the Campbell Microwave Institute. The unit's goals include establishing and promoting the month of October as International Microwave Month, developing new microwaveable products and standardizing microwave heating directions for Campbell products.

Mr. Teitelbaum sees additional merit in Campbell's recent divestiture decisions. "No one knows how to sell soup like Campbell, and Pepperidge Farm is one of the finest specialty bakeries. I think the company has taken a look and decided to go back to what its does best."

To reflect the growing importance of consumer products, Campbell reorganized its sales force, giving local sales managers more of a say in developing products, advertising and marketing strategies. Campbell believes this will give it the best value for its advertising dollar.

In fiscal 1986, sales and marketing expenses totaled $544 million, or 12.4% of total sales, up dramatically from 8.3% of total sales at the beginning of the decade. This spending has helped Campbell hold onto 66.6% of the $2.2 billion retail soup market. Its condensed soups hold a 49.3% market share; ready-to-serve soups account for 15.8% of the total market, dry soups 1.5%.

Measured ad spending totaled $123.7 million during calendar 1986, down 4.9% from 1985 levels. Media dollars were diverted from existing products to support a variety of new introductions and line extensions.

For example, spending on red-and-white labeled canned soups declined 36.5% to $19.5 million, according to BAR/LNA expenditure reports. At the same time spending increased for introductions of Creamy Natural Canned Soup at $5.3 million and for Home Cookin' Soup at $6.7 million.

Among Campbell's introductions and line extensions over the last 20 months are:

- Line extensions of its condensed soups to include both gourmet and homestyle formulations in the traditional red-and-white labels and under the Golden Classic and Creamy Natural names;
- Introduction of a dry soup line which was able to expand demand in the $430 million category while capturing approximately 25% of dry soup sales. Lipton holds an estimated 50% of the market. Media spending on dry soup held even with previous year levels at $4.85 million. Campbell is introducing a line of dry, oriental-style Ramen Noodle soups and products this year;
- Line extension of the Prego spaghetti sauce line to include Prego al Fresco sauce, Prego soups and Prego frozen entrees. Prego sauce, a solid No. 2 in the sauce market with approximately 30% to Unilever's Ragu's 50%, was supported with $7.6 million in measured spending, down 35% from 1985 levels. Introductory spending on Prego frozen entrees was measured at $1.8 million;
- In the freezer case, Campbell launched nationally a four-variety line of Great Starts breakfast sandwiches, promoted with $3.8 million in spending.
- Its Le Menu frozen dinner line was extended to include entree-size packages, Le Menu Lightstyle, six dinners with less than 350 calories, and L'Orient Chinese dinners. Spending on Le Menu Lightstyle was measured at $1.04 million. L'Orient received $2.3 million support. During 1986, the company repackaged its frozen foods lines in microwaveable containers;
- The Fresh Chef line of refrigerated soups, sauces and salads, scheduled for national distribution in 1986, was pulled back in April 1987 due to distribution problems, after introductory spending of slightly more than $4 million.
- Now under the Mrs. Giles Country Kitchens subsidiary, new distribution methods for Fresh Chef are being tested in three markets;
- Other fresh products were introduced in selected markets including, Campbell's Fresh produce and Campbell's Fresh Express snacks and lunches.

Spending on Pepperidge Farm brands increased overall by 24% to $17.9 million, led by a 123% increase in spending on Pepperidge Farm Cookies at $8.9 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,236	2,817
Magazines	16,643	17,552
Newsp. supp.	1,439	1,014
Bus.pubs.	1,438	347
Network TV	58,561	68,497
Spot TV	31,723	29,763
Network radio	5,399	4,655
Spot radio	2,375	2,582
Outdoor	265	2
Network cable	3,670	3,465
Total measured	123,750	130,695
Unmeasured	80,483	85,000
Total	204,233	215,695

CAMPBELL SOUP CO.

Campbell Place
Camden, N.J. 08103-1799
(609) 342-4800

Corporate Personnel

R.G. McGovern, president
H.M. Baum, president, Campbell USA

Marketing Personnel

C.V. Stinnett, vp-corp mktg & sales
P.N. Mulcahy, president, CSC Advertising
A.J. Dale, president-Campbell Sales Co.
Z. Coulson, vp-consumer issues
S. Whittier, dir-mktg svcs, CMI
A.J. Adams, dir-mktg rsch
D.F. Macaulay, dir-design
G.D. Mahrlig, dir-media svcs
H.P. Pelouze, dir-promo
W.C. Culp, dir-special projects
M.P. Garrison, mgr-special projects

SOUP GROUP

Corporate Personnel

D.L. Santangelo, vp-group genl mgr, soups

Marketing Personnel

D.E.Goerke, business dir, condensed soups
W.H. Allen, dir, ready-to-serve soups
B. Cronin, dir-mktg, cooking soup
J.N. Haring, sr mktg mgr, ready-to-serve
D.E. Bair, sr mktg mgr, condensed soup
R.L. Steenrod, sr mktg mgr, condensed soups
E.A. Lynn, mktg mgr
T.L. Cruikshank, mktg mgr
P. Senecal, mktg mgr
G. Kane, asst mktg mgr
R. Lucker, asst mktg mgr

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—red & white label condensed soups, "Special Request" soups—Robert Holmen, exec vp-ceo; Joseph Prior, sr vp-mgmt super; Will Eddy, acct super.

BBDO, New York—Chunky soup, Home Cookin'—Alex Carlin, mgmt super; Robert McGreevy, acct super.

Conill Advertising, New York—Hispanic adv—Rafael Conill, chmn; Alicia Conill, president.

DRY FOODS

Marketing Personnel

P.P. Masaracchio, category genl mgr
P.W. Comisky, mktg dir
K. Smith, mktg mgr
J. Ouelette, asst mktg mgr

Advertising Agency

Backer Spielvogel Bates Worldwide, New York—dry quality soup and recipe mix—Suzanne Brisedine, acct super; Jeff Andrews, vp-acct dir; Hal Katkov, acct exec.

GROCERY

Corporate Personnel

R. Subin, group genl mgr
Terry W. Simmers, president, Juice Bowl Products

Marketing Personnel

J. Dorsch, category genl mgr, beverages
P. Levy, category genl mgr, Italian
K. MacDonnell, mktg dir, Italian
J. Van Stone, mktg dir, beverages
L. Senior, sr mktg mgr
A. Yuni, sr mktg mgr
P. Baehr, sr mktg mgr
W. McLaughlin, mktg mgr
D. Lowry, mktg mgr
J. Partner, mktg mgr
S. Reed, assoc mktg mgr
T. Sager, assoc mktg mgr
V. Smith, assoc mktg mgr
T. Chandler, asst mktg mgr
M. Giannone, mktg coord
B. Cole, vp-sales & mktg, Juice Bowl

Advertising Agencies

Conill Advertising, New York—Hispanic adv-Rafael Conill, chmn; Alicia Conill, president.

DDB Needham Worldwide, New York—Campbell's bean prods, Franco-American pasta—Vicki Amon, acct super.

FCB/Leber Katz Partners, New York—Prego, Prego Plus, Prego Frozen, new prods—Bob Hirsch, sr vp-mgmt rep; Nancy Beck, vp-acct super; Beth Green, acct super.

Saatchi & Saatchi, London—"V-8" tomato juice, Juice Bowl, new prods—Andrew Stanbridge, group acct dir; Chris McCann, acct dir.

CONVENIENCE FOODS

Corporate Personnel

S.A. McNeil, group genl mgr

Marketing Personnel

J.W. Dodd, category genl mgr-Traditional conv
R.F. Bernstock, category genl mgr-Premium conv
W. Lorgus, category genl mgr-breakfast
P.F. Goodman, mktg dir-Premium conv
G.S. Loesch, mktg mgr-Great Starts
M.S. Kessler, sr mktg mgr-Traditional conv
T. Noto, planning mgr
R.M. Revelle, mktg mgr
C.G. Magee, mktg mgr
A.D. Van Beuren, mktg mgr-Traditional conv
S. Trainor-Smith, mktg mgr-Traditional conv
L.C. Rohrer, assoc mktg mgr
J.P. Brennan, assoc mktg mgr
J.T. Dagrosa, assoc mktg mgr
E. Sung, asst mktg mgr

Advertising Agencies

DDB Needham Worldwide, New York—canned poultry products.

Ogilvy & Mather, New York—Swanson, Le Menu, Le Menu Lightstyle, L'Orient, Great Starts Breakfasts, new prods—Graham Phillips, exec vp-super; Cliff Angers, sr vp-acct group dir; David Mechlin, vp-mgmt super; Sally Luce, acct super; Jackie Cohen, Kathleen Frick, acct execs. Plump & Juicy chicken—Cliff Angers, sr vp-group acct dir; Dave Mechlin, mgmt super; Myra Maultasch, acct exec.

Hal Riney & Partners, San Francisco—Swanson regular & Hungry-Man dinners and entrees, Swanson meat pies—John Yost, sr vp-genl mgr; Patricia S. Hader, vp-mgmt super; Margaret M. Lane, acct super; Karen Wallerich, acct exec.

FRESH FOODS GROUP

Corporate Personnel

K.W. Leighton, group genl mgr

FRESH PRODUCE

Marketing Personnel

D.E. Herr, category genl mgr
F.A. Dudowicz, mktg dir
S. Stiles, mktg mgr
F. Gabell, mktg mgr

Advertising Agency

(In-house), CSC Advertising—Paul N. Mulcahy, president.

Top 25 farm publication advertisers

Rank	Advertiser	Farm publication ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Ciba-Geigy Ltd.	$6.622	$7.040	(5.9)	0.111
2	Deere & Co.	5.904	6.509	(9.3)	N/A
3	Stauffer Chemical Co.	5.558	3.075	80.8	N/A
4	Monsanto Co.	5.501	7.234	(24.0)	0.062
5	American Cyanamid Co.	5.376	5.017	7.2	0.022
6	Bayer AG	5.341	4.673	14.3	0.042
7	Elanco Products Co.	5.336	5.017	6.4	N/A
8	E.I. du Pont de Nemours & Co.	3.832	6.236	(38.5)	0.034
9	Ford Motor Co.	3.014	3.026	(0.4)	0.005
10	FMC Corp	2.783	1.601	73.8	N/A
11	Union Carbide Corp.	2.756	2.228	23.7	N/A
12	ICI Americas	2.669	1.439	85.5	N/A
13	J.I. Case	2.649	4.137	(36.0)	N/A
14	Shell Chemical Co.	2.545	2.314	10.0	N/A
15	General Motors Corp.	2.263	1.953	15.9	0.003
16	Pioneer Hi-Bred International	2.146	2.225	(3.6)	N/A
17	Upjohn Co.	1.909	2.071	(7.8)	0.103
18	Rohm & Hass Co.	1.879	2.544	(26.2)	N/A
19	Rhone-Poulenc Inc.	1.874	1.747	7.3	N/A
20	Hoechst-Roussell Agri-Vet Co.	1.671	1.549	7.9	N/A
21	BASF Wyandotte Corp.	1.600	2.252	(29.0)	N/A
22	Merck & Co.	1.530	1.602	(4.5)	N/A
23	Sandoz Ltd.	1.519	1.266	20.0	0.030
24	New Holland	1.461	1.972	(25.9)	N/A
25	Dow Chemical Co.	1.388	1.844	(24.7)	0.012

Source: Agricultural Marketing Information Services (AGRICOM)
NOTE: Dollars are in thousands

MENDELSON-ZELLER CO.
San Francisco
Corporate Personnel

R. Reinecke, president
D. Eckert, vp-finance & admin

DOMSEA FARMS
Bremerton, Wash.
Corporate Personnel

C.M. Monaghan, genl mgr

Advertising Agency

(In-house) CSC Advertising—Paul N. Mulcahy, president.

REFRIGERATED FOODS
Corporate Personnel

Carl W. Calandra, group genl mgr

Marketing Personnel

S.M. Regan, genl mgr-retail deli food
T.C. Canard, genl mgr-refig food svcs/deli foods
B.E. Horlbeck, mktg dir
D.M. Stalker, mktg mgr
L. Li, asst mktg mgr

Advertising Agency

DDB Needham Worldwide, New York—Fresh Chef sauces, salads & soups—David Sklaver, exec vp-group dir; Richard Murray, sr vp-mgmt rep; Barrie Dolnick, acct super; Cheryl Callan, acct exec; Stephanie Loiacono, asst acct exec.

MRS. GILES COUNTRY KITCHENS
Lynchburg, Va.
Corporate Personnel

Carl W. Calandra, president

Marketing Personnel

Thomas Canard, vp-sales & mktg

Advertising Agency

Lovern Advertising, Lynchburg, Va.—Ed Lovern, acct exec.

CONVENIENCE STORES
Corporate Personnel

C.R. Marshall, genl mgr

Marketing Personnel

J.A. Blood, sr mktg mgr

FOOD SERVICE
Corporate Personnel

R. Kunkel, president

Marketing Personnel

G.W. Thompson, mktg dir
W.W. Gabrys, mktg mgr
W.C. Lehneis, mktg mgr

Advertising Agency

Lewis, Gilman & Kynett, Philadelphia—R.C. Wilder, president; T.P. Ferguson, L. Stoelker, vps-acct supers.

GODIVA CHOCOLATIER
New York
Corporate Personnel

T.H. Fey, president

Marketing Personnel

C. Dubroc, dir-mktg
G. Seibel, mktg mgr, ice cream & Lifestyle
T. Seelow, mktg mgr, retail
R. Sheer, mktg mgr, brand Godiva
N. Neuberger, brand mgr, brand Godiva

Advertising Agency

Margeotes, Fertitta & Weiss, New York—Godiva, Barringers—G. Fertitta, president; J. Margeotes, chmn-ceo; J. Weiss, exec vp-creative dir.

PEPPERIDGE FARM
Norwalk, Conn.
Corporate Personnel

R.A. Shea, president

Marketing Personnel

W.R. Encherman, mktg dir, biscuit
D. Albright, vp-mktg & genl mgr, biscuit
C.V. McCarthy, vp & genl mgr, bakery
P.J. Callaghan, mktg dir, bakery
C.W. Rydin, genl mgr, frozen
E.A. Anderson, mktg dir, frozen
B.L. Gustaitis, genl mgr, foodservice
K. Rudolph, mktg dir, foodservice
R.L. Schmalz, genl mgr, mail order
J.E. Tierney, vp-corp relations

Advertising Agency

Ogilvy & Mather, New York—Pepperidge Farm—N. Berry, president; R. Estabrook, vp-sr mgmt super.

VLASIC FOODS
Bloomfield, Mich.
Corporate Personnel

J.R. Scales, president

Marketing Personnel

T.I. Bitterman, sr vp-sales & mktg
R.W. Shaw, vp-mktg
B.A. Gesserman, dir-mktg, shelf pickles
L. Uhl, dir-mkt rsch

HISPANIC BUSINESS UNIT
U.S.
Marketing Personnel

E. Tazzia, vp-genl mgr
R. Saenz, sr prod mgr, Mexican prods
M.I. Castells, prod mgr, Caribbean prods

Advertising Agency

W.B. Doner & Co., Southfield, Mich.—adv-Caribbean (English) & Mexican (English/Spanish) product lines—Richard Friday, vp-mgmt super; Trish Doyle, acct super. Vlasic foods—Richard Friday, vp-mgmt super; Trish Doyle, acct super; S. LaGattut, exec vp-creative; G. Wolfson, vp-assoc creative dir.

MRS. PAUL'S KITCHENS
Philadelphia, Pa.
Corporate Personnel

W.J. Dowd, president

Marketing Personnel

G.W. Piszek, sr vp-sales & mktg
R.R. Schnorbus, sr vp-operations
D. Lynn, sr dir-mktg
R.J. Johnson, prod mgr
P.A. Hughes, prod mgr
R.J. Davis, prod mgr
W.J. Tullis, prod mgr
N.A. Wieczorek, assoc prod mgr
J.A. Lawler, mktg asst
J.R. Bailey, mktg svcs mgr

Advertising Agency

DDB Needham Worldwide, New York—Leo J. Mamorsky, acct super; Cheryl Callan, acct exec.

RANK **46**

CBS Inc.

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,754	4,452	6.8
Net income	375	27	1,269.0
U.S.	**1986**	**1985**	**% chg**
Sales	4,145	3,962	4.6
Operating profits	343	412	(16.7)
Advertising	185	183	0.7
Division sales	**1986**	**1985**	**% chg**
Broadcast	2,817	2,785	1.1
Records	1,489	1,230	21.1
Magazines	407	407	0.0
Other	42	33	27.6

For CBS Inc., 1986 was a year to recuperate, with overall advertising expenditures almost unchanged from 1985. After fending off several takeover attempts, CBS found itself deeply in debt and facing a declining market share. To get the company back on course, founder William Paley came back as chairman of the board and Loews Corp.'s Laurence Tisch took over as president-ceo.

Under the new leadership, CBS launched a back-to-basics strategy. This involved a complete overhaul of management. Mr. Tisch hired Coopers & Lybrand as a management consultant to study the company and come up with ways to run CBS more efficiently. The result: Budget cutbacks, staff reductions and a renewed focus on the broadcast and records segments.

Among the 20 divestitures made in 1986 was the sale of the educational and professional book publishing division to Harcourt Brace Jovanovich for $500 million. There was also talk that the records division—one of its strongest performers—might be sold. But this was not to be.

Nevertheless, management's goal of strengthening broadcast operations also resulted in the sale of CBS Magazines division, announced in July 1987, following months of speculation that CBS was looking for a buyer. The division is being bought for $650 million by a group of its senior executives. Several of the special interest consumer magazines had been under the CBS masthead only since 1985 following what became a controversial transaction with Ziff-Davis.

Amidst the corporate restructuring, CBS spent $111.2 million on measured advertising, just slightly above the previous year's level. Overall, the allocation among the various media changed very little.

Although the total spending estimate shows little change from the prior year, CBS' advertising picture is by no means static. Television, records and video account for the largest share of the ad budget. According to BAR/LNA figures, measured spending for the television network dipped 9.4% to $28.8 million in 1986. By contrast, spending increased for the records division 6.4% to $31.4 million. Of this amount, the Columbia Record and Tape Club accounted for $26.9 million in 1986, up 3.1%. The records division accounted for about 37% of the the company's operating profit in 1986.

Advertising costs for video products increased 45 2% to $16.7 million. In particular, BAR/LNA data show that measured advertising for CBS/FOX videocassettes rose 79% to $5 million. Measured media for the video club rose 46% to $9.5 million. In addition, CBS spent close to $3.4 million to advertise its radio network and stations, up 30.8%. The magazines and related products received about $5.3 million of the ad dollars in 1986.

Noticeably absent from 1986's advertising outlays is the substantial sum paid to promote movies produced by Tri-Star Pic-

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Promotion Development Corporation
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Westport, CT 06880
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tures, since CBS sold its interest in the movie company in 1985. Also gone is the budget for Ideal toys and games, another subsidiary sold in 1985.

In addition to holding down ad expenditures, CBS continues to cut back in other areas while struggling to keep from falling further behind in the ratings race. The company recorded a 15.8 overall rating and 25 share, second to NBC (17.8/28), and cut its rates to attract advertisers during the 1986-87 season.

The biggest operations cutbacks were made in 1986 but continued into 1987. Earlier this year, Mr. Tisch announced a reduction in the news division; in April, more staff cutbacks were announced for the entertainment division. The Writers Guild of America settled a six-week strike against CBS earlier this year with approval of a three-year contract including provisions for the company to hire more temporary workers and use managers and on-air reporters to write stories.

However, CBS has found it difficult to trim the budget and improve ratings at the same time. The "CBS Evening News" still trails NBC, at times slipping to third place. CBS is trying to stage a comeback and should be in a better position to do so when it regains financial vigor. In a surprise announcement, Mr. Tisch revealed a plan to offer a second, optional half-hour of the "Evening News" to affiliates. But initial reactions were not enthusiastic. CBS is still pushing its "Morning Program" to gain support among affiliates.

Out of necessity, CBS has been innovative in trying to stem the ratings slide and advertising slump. It became the first network to offer 15-second spots and the first to promote upcoming sitcoms by airing previews, as it does for other programs.

On the programming side, it is taking a bold gamble with "Tour of Duty," a new series set in the Vietnam War. The show, intended to counter NBC's "The Cosby Show," is costly and controversial—the pilot alone cost $2 million. But the new program executive, Earle LeMasters 3d, believes the idea will work. What is clear is that CBS needs to do something drastic to turn its prime-time ratings around.

CBS reported some good news on its first quarter performance in 1987. Net income rose to $48.7 million, nearly triple the $16.3 million of the same period in 1986. CBS credited the gain to lower interest costs and higher earnings in the records division. However, losses at the television network were estimated to be nearly $10 million for the quarter. At a meeting of its shareholders in May 1987, Mr. Tisch found it difficult to characterize the broadcast group's outlook as anything more than "uncertain."

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	20,116	20,936
Magazines	58,872	59,939
Newsp. supp.	15,719	13,720
Bus pubs.	1,315	1,993
Network TV	62	1,271
Spot TV	8,527	7,441
Network radio	697	1,042
Spot radio	3,390	732
Outdoor	804	778
Network cable	1,743	2,577
Total measured	111,244	110,429
Unmeasured	73,593	73,054
Total	184,837	183,483

CBS INC

51 West 52nd St
New York, N.Y. 10019
(212) 975-4321

Corporate Personnel

Alice Henderson, vp-comm & info

Marketing Personnel

Jerome Dominus, vp-sales, CBS tv network
Bruce Weiner, vp-adv & promo, CBS TV network
Jerry Goldberg, vp-adv & promo, CBS Entertainment div
Richard C. Goldstein, vp-sales, CBS sports

Advertising Agencies

Backer Spielvogel Bates, New York—CBS Sports, CBS News, CBS Broadcast Intl, CBS Entertainment, CBS Inc.—personnel unavailable at time of publication.

Della Femina, Travisano & Partners, New York—WCBS-TV—Matthew Mansfield, exec vp-group dir; Susan Lang, media super.

Jacobs & Gerber, Los Angeles—WCAU-TV Philadelphia; KCBS-TV Los Angeles, CBS Entertainment, west coast—Alison Harris, prod mgr.

Ogilvy & Mather, Los Angeles—CBS Entertainment, east coast—Marilyn Fidler, vp-mgmt super.

Zechman & Associates, Chicago—WBBM-TV Chicago—Jan E. Zechman, president-creative dir.

CBS TELEVISION STATIONS

Marketing Personnel

Eglon Simons, vp-sales
Bruce Thomas, dir-mktg
Peggy Myers, mktg svcs mgr
Jean Luecke, project mgr
Cathy Dolan, mgr-mktg rsch
Debby Tarnok, mktg svcs specialist
Marge Stapor, mktg rsch specialist

CBS RADIO

Marketing Personnel

Robert P. Kipperman, vp-genl mgr
Nancy C. Widmann, vp, CBS owned stations
Stephen J. Youlios, vp-sales
Suzanne M. Sack-Dowden, dir-mktg & promo
Anthony Miraglia, vp-genl mgr, radio reps
Karen Reef, dir-sales promo, radio reps

Advertising Agencies

Batz-Hodgson-Neuwohener, St. Louis—KMOX, KHTR—Steve Stevens, acct exec.

(In-house) Gulf Advertising, Rockville, Md.—WLTT, KRQR, WCAU-FM, WBBM (AM), WCBS-FM, WCBS (AM)—James Keating, vp-genl mgr.

Landers & Partners, St. Petersburg, Fla.—WSUN (AM), WYNF-FM—Sam Landers, president.

McAdams & Ong, Philadelphia—WCAU (AM)—Dennis Geraghty, exec vp.

Media Concepts, Houston, Texas—KLTR—Gary Newman, president.

Montgomery, Zuckerman & Davis, Chicago—WBBM-FM—John Doi, vp.

Poindexter/Osaki/Nissman, Los Angeles—KNX-FM—Larry Poindexter, president.

Saunders, Lubinski & White, Dallas—KTXQ-FM—Bill Saunders, ceo.

Serali Advertising, Los Angeles—KNX (AM)—Jack Seery, president.

Solem/Loeb & Associates, San Francisco—KCBS (AM)—Ann Solem, acct super.

CBS/ RECORDS GROUP

Marketing Personnel

Cornelius F. Keating, sr vp-direct mktg
Robert Altshuler, vp-press & public affairs
Gerard Durkin, vp, business affairs, E.C. CBS records
Roger M. Holdredge, vp-mktg, CBS Masterworks
Anthony Formichelli, vp-operations, mktg, CBS records U.S.

CBS RECORDS

Marketing Personnel

Ray Anderson, sr vp-mktg, Epic/Portrait/Associated Labels
Robert M. Sherwood, sr vp-mktg, Columbia Records
Paul R. Smith, sr vp-genl mgr-mktg
Roselind D. Blanch, vp-mktg services
Larry Douglas, vp-mktg, West Coast, Epic/Portrait/Associated Labels
John A. Kotecki, vp-sales
Michael B. Martinovich, vp-merch
Thomas A. McGuiness, vp-mktg, branch distribution
Carolee Shepard, vp-adv & design
Jerry Shulman, vp-mktg devel
Robert Willcox, vp-mktg, West Coast, Columbia Records
Roy Wunsch, vp-mktg, Nashville
Thomas S. Asalone, dir-creative services, CBS Special Prods
Yvonne Ericson, dir-media, print & tv

CBS RECORDS INTERNATIONAL

Marketing Personnel

Robert J. Campbell, vp-mktg
Bernice A. Freidus, sr vp-creative operations
Mauri Lathowers, vp-creative operations (West Coast)
Frank O. Hendricks, dir-mktg admin

COLUMBIA HOUSE

Marketing Personnel

Richard Archer, vp-creative services
Sharon Kuroki, vp-music club mktg
Brian Wood, vp-video club
Marshall Wilcoxen, dir-music mktg
Harvey J. Shapiro, vp, CBS music publishing
Deirdre O'Hara, dir-creative operations (East Coast)

Advertising Agencies

(In-house) CRU Advertising, New York—Columbia/Epic, Columbia Magnetics, Columbia Special Prods, CBS Music Video Enterprises, CBS Records International (domestic adv), CBS Songs Division—Yvonne Ericson, dir-media, print & tv.

Wunderman, Ricotta & Kline, New York—CBS Video Club/CBS Video Library—Richard Stollenwerck, sr vp; Columbia/Epic—Morris Baumstein (broadcast advertising); Columbia Record & Tape Club—Peter Rabar, sr-vp.

CBS/FOX

Marketing Personnel

John Hayden, vp-mktg
Dick Davi, dir-adv & creative svcs
Gina Vitkansas, media mgr

Advertising Agency

DDB Needham Worldwide, New York—CBS/Fox—Bob Stern, acct super.

A brisk pace for Quik Wok

Pillsbury's Quik Wok will expand by 30 units and test home delivery in '87.

Top 25 network TV advertisers

Rank	Advertiser	Network TV ad expenditures 1986	Network TV ad expenditures 1985	Network TV ad expenditures % change	as % of co.'s 1986 ad total
1	Procter & Gamble Co.	$456,324	$490,821	(7.0)	31.8
2	Philip Morris Cos.	342,444	323,144	6.0	25.1
3	General Motors Corp.	233,786	209,898	11.4	27.9
4	Unilever NV	202,371	195,904	3.3	39.1
5	McDonald's Corp.	193,002	184,882	4.4	32.6
6	Ford Motor Co.	188,815	191,373	(1.3)	29.1
7	American Home Products Corp.	186,428	183,394	1.7	47.1
8	Anheuser-Busch Cos.	177,496	154,503	14.9	27.6
9	Kellogg Co.	166,261	156,431	6.3	44.4
10	Johnson & Johnson	164,322	154,964	6.0	40.0
11	RJR Nabisco	155,715	127,814	21.8	16.7
12	American Telephone & Telegraph	135,162	167,728	(19.4)	30.7
13	General Mills	130,140	98,566	32.0	23.6
14	Bristol-Myers Co.	128,521	127,642	0.7	38.8
15	Sears, Roebuck & Co.	127,804	122,657	4.2	12.7
16	PepsiCo Inc.	115,128	127,021	(9.4)	19.8
17	Pillsbury Co.	105,052	118,744	(11.5)	21.2
18	Warner-Lambert Co.	103,069	83,352	23.7	18.8
19	Coca-Cola Co.	99,381	119,107	(16.6)	26.8
20	Ralston Purina Co.	97,572	128,245	(23.9)	20.4
21	Chrysler Corp.	96,451	96,194	0.3	22.6
22	Kraft Inc.	88,446	101,686	(13.0)	20.2
23	Quaker Oats Co.	88,322	85,337	3.5	28.6
24	Nestle SA	88,131	76,754	14.8	28.9
25	Sterling Drug	87,019	83,889	3.7	39.4

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

RANK
20

Chrysler Corp.

Highland Park, Mich.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	22,586	21,256	6.3
Net income	1,404	1,635	(14.1)
U.S.	**1986**	**1985**	**% chg**
Sales	20,489	18,767	9.2
Operating profits	N/A	N/A	N/A
Advertising	426	393	8.3
Division sales	**1986**	**1985**	**% chg**
Automotive	21,952	21,038	4.3
Aerospace	635	217	192.6

Chrysler Corp. increased its share of the U.S. retail car market for the sixth straight year in 1986, but the high cost of subsidizing sales incentives contributed to a drop in net income.

Chrysler's major 1987 venture was the acquisition of Southfield, Mich.-based American Motors Corp., completed on Aug. 5. Chrysler will gain market share, particularly in the light-duty truck market where AMC/Jeep holds a 4.4% share, compared with 4% in 1985. Chrysler held a 12.6% share in that market compared with 13.4% in 1985, the drop attributed largely to lost production from a three-month shutdown for new model conversion.

Chrysler is now in the process of removing the American Motors name from the marketplace. AMC became Chrysler's third distribution network, marketing trucks and cars as the Jeep/Eagle division.

Chrysler Motors, the vehicle-producing subsidiary of Chrysler Corp., held an 11.7% share of the combined car and truck market in the U.S. in 1986. It held an 11.8% share in 1985, according to *Automotive News' 1987 Market Data Book.*

Chrysler Motors' share of the U.S. retail car market in 1986 was 11.4%, up from 11.3% the prior year. Worldwide factory unit sales climbed 2% to 2,198,415 in 1986 from 2,157,373 units in 1985.

Two of the company's three marketing units posted gains in U.S. car sales in 1986. The Dodge division reported U.S. car sales of 525,462 units in 1986, up 7.5%. Plymouth reported U.S. car sales of 427,070 units, up 12.2%. Chrysler unit car sales of 356,460 were down 5.2%.

The Dodge Aries outsold all other models in the Dodge lineup, posting U.S. sales of 108,051 in 1986, down 7.1%. The Plymouth Reliant, which like the Aries is an aging product in the Chrysler line, led Plymouth-brand sales. Reliant sales were 130,043, down 6.3%. The Fifth Avenue topped Chrysler-brand models with 106,897 in sales, down 2%.

In 1987, the company will conclude what it calls an 18-month "blizzard" of new product launches. Chrysler is putting a heavier emphasis on trucks and moving to a more upscale, richer product mix in its car line.

Chrysler corporate advertising for the 1987 model year featured Chairman Lee Iacocca touting the barrage of new products as proof the company isn't resting on its laurels. The company also tried to establish more distinct identities for its brands, both with advertising and with a restructuring into a brand marketing setup.

Dodge, the designated "performance" division, got a new ad theme line, "Setting new standards of performance." The lead TV spot for the new Shadow shows an aggressive-looking junkyard dog that wanders into an abandoned factory, where he witnesses the transformation of an old Dodge Dart into a Shadow.

Plymouth brand advertising built on "The pride is back, born in America" positioning introduced a year earlier, featuring the Kenny Rogers-sung theme music.

Chrysler brand advertising emphasized luxury, technology and performance under the theme, "Driving to be the best." For the 1987 model year, Chrysler dropped ad spokesman Ricardo Montalban after 13 years, but later announced he would be back in 1988 model ads.

Two key products introduced in early 1987 were the Chrysler LeBaron coupe and Chrysler LeBaron convertible, both aimed at the upscale, luxury market.

Designed as image-boosters, the LeBaron models are exclusive to the Chrysler brand and are evidence of the company's continuing effort to refine its brand marketing strategy and differentiate Chrysler, Plymouth and Dodge products.

Chrysler's position as a luxury brand marketer will be further reinforced in the fall of 1987 when the company introduces its large front-wheel-drive luxury cars. The 1988 Chrysler New Yorker and Chrysler New Yorker Landau are full-size sedans which will compete in the traditional luxury car market. Dodge will carry a version called the Dodge Dynasty.

Chrysler in 1987 also introduced new versions of its popular Dodge Caravan and Plymouth Voyager minivans. Designed to help the automaker retain its lead in the minivan market, the Dodge Grand Caravan and Plymouth Grand Voyager are 14.6 inches longer than previous models.

Chrysler also added to its truck lineup with the introduction of the mid-size Dodge Dakota pickup, the company's first new domestically built pickup since 1972.

In keeping with the designation of Dodge as the performance division, the new Dodge Daytona was positioned as the lead image vehicle for the entire product line.

Also introduced as part of the product barrage were the Dodge Shadow and Plymouth Sundance. The sporty compacts debuted in mid-1986.

Still to come before the end of 1987 is the Chrysler TC by Maserati, a limited-volume, two-seat luxury coupe developed by Chrysler and Italian automaker Officine Alfieri Maserati SpA.

Chrysler in September 1987 will also resume production of its Dodge Omni America and Plymouth Horizon America models which anchor the bottom end of the product line. Sales of the Horizon America models climbed 82% in the eight-month period following their May 1986 introduction, compared to the same period in 1985. Chrysler's share of the subcompact segment rose from 5.3% to 8.5% during that period.

Like its domestic competitors, Chrysler relied on deep-discount consumer loans and rebate programs to lure customers in the fall of 1986 and through much of 1987. Incentives became so widespread that Chrysler applied them to its pivotal launch of the LeBaron coupe, offering a $500 cash rebate or low financing rates.

The company blamed the cost of subsidizing the incentives in citing reasons for a 24% drop in net income in the first quarter of 1987, compared to the previous year.

Chrysler moved to hold its position as the warranty leader among high-volume automakers by announcing in February 1987 a seven-year, 70,000-mile powertrain warranty and a seven-year, 100-000-mile warranty against rust-through on its U.S.-built retail cars and trucks. The company used Mr. Iacocca as pitchman for the warranty coverage in national TV commercials.

Mr. Iacocca also spearheaded the public relations campaign launched in the wake of a federal indictment of the company and two of its executives on odometer tampering charges in June 1987. He maintained that Chrysler had acted legally but admitted making a mistake in failing to notify customers that vehicle odometers were disconnected during overnight quality testing programs. That practice has been discontinued.

Mr. Iacocca gained the greatest publicity in recent months, however, for the acquisition of American Motors Corp. Chrysler says two chief reasons for the buyout were acquisition of the Jeep brand name and AMC's ultra-modern assembly plant in Ontario, Canada.

The AMC takeover followed a spate of corporate moves. In June 1986, Chrysler announced the sale of its 12.5% equity in French automaker Peugeot S.A. That announcement came less than a week after Chrysler said it would increase its stake in Italian automaker Maserati SpA from 3.5% to 51% by 1995. Chrysler further refined its niche marketing strategy by announcing in April 1987 its purchase of the Italian exotic-car maker Lamborghini.

In 1987, the company also moved to expand its international presence. In March, Chrysler announced it would reenter the European market by the end of the year. The automaker expects initially to export 5,000 vehicles annually to Europe.

Models targeted for export are the Chrysler LeBaron turbo coupe and convertible, Dodge Lancer ES, Dodge Shadow ES, Plymouth Voyager and Dodge Daytona Shelby Z.

In July, Chrysler Motors signed agreements with First Automotive Works of Changchun, China, to provide the Chinese manufacturer with the technology, machinery and equipment to build Chrysler engines.

Chrysler 2.2 and 2.5-liter four-cylinder engines will be built at a new plant in Changchun, beginning in the second half of 1989.

In June 1987, Chrysler Corp. agreed to buy Electrospace Systems, a Texas-based defense electronics contractor for $367 million. The Electrospace Systems business will be teamed with Chrysler's Gulfstream Aerospace Corp., which makes executive jets.

In May 1987, Chrysler Motors announced its component business operation division would become a subsidiary called Acustar Inc., one of the largest automotive parts suppliers in the U.S.

In February 1987, Chairman-CEO Iacocca signed an agreement to continue in that post for four years. The contract contains a provision which would keep him at the helm for an optional fifth year. The new agreement will carry Mr. Iacocca, who will be 63 in October 1987, past the normal retirement age of 65.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	42,203	42,000
Magazines	78,906	73,579
Newsp. supp.	6,108	2,185
Bus pubs	1,257	1,105
Farm pubs	418	738
Network TV	96,451	96,194
Spot TV	63,551	63,133
Network radio	1,548	4,269
Spot radio	21,071	23,549
Outdoor	1,849	3,027
Network cable	4,205	5,126
Total measured	317,565	314,905
Unmeasured	108,435	78,495
Total	426,000	393,400

CHRYSLER CORP.
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Marketing Personnel

Bennett E. Bidwell, vice-chmn, Chrysler Motors
Joseph E. Cappy, group vp, Jeep-Eagle
Joseph A. Campana, vp, Chrysler Plymouth
Theodor R. Cunningham, exec dir, Dodge/Dodge truck
Arthur C. Liebler, dir-mktg svcs
Ralph A. Sarotte, genl mktg mgr, Eagle
Marty L. Levine, genl mktg mgr, Jeep
Charles B. Kitz, genl mktg mgr, Dodge car
Patrick R. Smorra, genl mktg mgr, Dodge truck
Clark J. Vitulli, genl mktg mgr, Chrysler
Joseph N. Caddell, genl mktg mgr, Plymouth

Advertising Agencies

BBDO, Southfield, Mich.—Dodge car and truck—William Kelly, exec vp-genl mgr; Michael Graham, vp-mgmt super, truck; Gene McCarthy, sr vp-exec media dir; Peter DeLorenzo, sr vp-exec creative dir; Tom Newman, sr vp, dir-planning & rsch; David Jones, sr vp-mgmt super, Dodge Dealer Assn.; D. Harrelson, vp-operations mgr; D. Rick, vp, prod info mgr; E. Donald, vp-assoc creative dir, Dealer Advantage Assn. svcs; D. Goschka, vp-corp legal counsel; Gordon Berg, K. Mandish, vps-acct supers; M. Caroselli, C. Moore, T. Miller, acct supers; D. Juergens, W. Freed, sr acct execs; R. Babich, M. White, M. Woods, D. Hutzell, acct execs; J. Obermeyer, M. Suchara, P. Howell, asst acct execs; P. Howell, asst acct exec.

Bozell, Jacobs, Kenyon & Eckhardt, Birmingham, Mich.—corp and Chrysler-Plymouth—George Beech, exec vp-genl mgr; Bruce Andrews, sr vp-assoc genl mgr; Alan Levenstein, exec vp-mktg; Bill Shea, sr vp-mgmt super; Bob Lytle, vp-acct super; Jim Fisher, acct exec, corp; Phil Metz, sr vp-media dir; Ken Duskin, exec vp-creative dir (New York); Phil Reutschle, sr vp-dir forward planning/rsch; Lynn Vernon, sr vp-mgmt super, Chrysler; Brian Palmer, sr vp-mgmt super, Plymouth.

Lockhart & Pettus, New York-minority advertising-Keith Lockhart, president

Ross Roy, Inc., Detroit-corp merch, corp adv for Chrysler Marine, Chrysler svc and parts operations, Chrysler Fleet operations, Chrysler Institute, Chrysler diversified operations, corp merch for Chrysler Motors, Chrysler, Plymouth, Dodge and Dodge truck div.—Glen W. Fortinberry, chairman-ceo; Richard C. Ward, exec vp-merch; James Vehko, Don Scheich, sr vps-group acct supers; Rex Smith, Michael Webster, vps-group acct supers; Robert West, Rick Betker, Tom Kemper, Bill Rowe, vps-acct supers; Frances Dattilo, Michael Labiak, sr vps-group creative dirs; John Oliver, sr vp-genl mgr; George Abdullah, Clark Reid, vps-acct execs, Ross Roy productions

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RANK **95**

Clorox Co.

Oakland, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,126	1,090	3.3
Net income	105	96	9.4
U.S. advertising	90	107	(15.9)

While continuing to lessen its dependence upon liquid chlorine bleach through an aggressive new products program, Clorox Co. nevertheless decreased its total ad spending by 16% in 1986.

The Oakland-based household products marketer's diversification drive seems to be paying off. Five years ago bleach sales accounted for 50% of total earnings; today, 35% to 40% of the company's pretax earnings come from bleach.

Clorox continues to support liquid chlorine bleach with heavy spending, measured at $9 million in 1986, down 3% from 1985, according BAR/LNA.

Seeking to boost its industry-leading food stores sales of $630 million for Clorox, the company began shipping its premium-priced Fresh Scent Clorox liquid bleach in January 1986. Clorox promotes the bleach-that-doesn't-smell-like-a-bleach with TV commercials around the theme "Goodness, it smells so good." Additional spots backing both regular liquid chlorine and Fresh Scent play up both products' cleaning abilities. Fresh Scent's packaging resembles that of Clorox's traditional liquid bleach, but its cap and diamond insignia are different colors.

Spending and market share for bleach-containing Tackle, which hit regional markets in a big way in 1985 with measured spending of $9.1 million according to BAR/LNA, fell off in 1986 and 1987. Spending for the cleaner disinfectant dropped to $800,000 in 1986, and its share for the year ended June 19, 1987 fell to 7.8% of the all-purpose liquid cleaner market, a considerable drop from the prior level.

Industry sources say Tackle's dollar volume dropped 31.8% during the period; its unit volume dropped 32.5%. The company did not market test the herbal-scented product, which shipped nationally in February 1986.

At present, Clorox continues to test Act, a concentrated laundry detergent in a pre-measured "action pak" in Boise and Omaha following earlier tests in Dallas, Oklahoma City and Atlanta.

Marketing powerhouse Procter & Gamble, formerly Clorox's parent, reacted to Act's introduction, coming out with a similar new product called Cheer Power Pouches. At present, Cheer Power Pouches are still in test in Atlanta and Denver. Industry observers say P&G is waiting to see what Clorox's next move will be with Act.

In September 1986, Clorox began testing a new heavy-duty abrasive liquid cleanser called Strike. It is currently available in Phoenix and Seattle. At the same time P&G began testing a soft abrasive cleanser under its Mr. Clean brand initially in Dallas-Fort Worth; later, it was introduced nationally.

Clorox began examining further expansion into the laundry detergent market when it began testing Wave, a heavy-duty detergent containing enzymes and a color-safe bleach. In a Charleston, S.C. test, TV and print support positions Wave as a "super detergent" containing protein stain-fighters and color-safe bleach. When Wave failed to perform well in two attempts at test marketing, Clorox gave up on the product. Wave competed against Vibrant, a P&G brand.

Clorox continues to update existing brands to keep abreast of changing consumer preferences. To this end, it introduced a new, improved grease-cutting formula for its Formula 409 cleaner. Formula 409 itself received measured spending of $3.1 million, down 28%.

In early 1986 Clorox began a national rollout of a liquid version of its Clorox 2 all-fabric bleach, backed by modest spending in network and spot TV, plus print. Analysts say it so far has gained a 14% share of the all-fabric bleach category.

Among other household products, Clorox spent $3.9 million in measured media on Liquid-Plumr, the same as in 1985, and $5.9 million on Soft Scrub Cleanser, down 17%.

Clorox introduced K.C. Masterpiece barbecue sauce nationally through its Kingsford division early in 1987. Clorox uses the barbecue-sauce developer, Dr. Richard Davis, in print ads. Prior to the acquisition, five-flavor K.C. Masterpiece was marketed only in the Midwest. Kingsford-brand measured spending of $6 million was virtually even with 1985.

In January 1987, Clorox acquired Deer Park Spring Water Co., a Lodi, N.J.-based bottled water company with distribution in selected eastern markets. It was its second entry in the field. Earlier, Clorox purchased Aspen Water Co., Tampa, Fla.

Clorox's biggest food category is Hidden Valley Ranch products, which includes dips, dressings and sauces. Measured spending on the line dropped 27% to $8.1 million.

Although the company's architectural coatings business (paints and stains) contributed 10% of total sales, the business is only marginally profitable. Four years in the making, beginning with Clorox's purchase in 1981 of Olympic and Carver Tripp paints and stains from Comerco Inc. and followed by the 1983 acquisition of marketing rights to Lucite from Du Pont, the business continues to record lackluster results.

Financial analysts say the Olympic stain division shows some signs of improvement, but that Lucite continues to perform poorly. Lucite received $3.6 million in measured media, the same as in 1985. Jay Freedman, an analyst with Kidder, Peabody, New York, predicts the coming year will be a pivotal time in which the company may have to consider divestiture if the division's performance doesn't improve.

Among the new products Clorox introduced nationally during fiscal 1987 were Olympic deck stain and Lucite premium latex paint.

As planned, Clorox divested itself of its Emil Villa's The Original Hick'ry Pit restaurant division after deciding it didn't fit into the company's long-range plans. The company sold the chain in October 1986 to an investor group headed by Mike Kwiatkowski, who was president during Clorox's tenure as owner.

In December 1985, Clorox assumed a leadership role, asking the TV networks to begin accepting stand-alone 20-second commercials, a move that would further erode the 30-second spot as the TV standard. At present, Clorox is continuing to press its case to the networks, but has yet to accomplish its goal.

Clorox has been at the forefront of industry opposition to the State of Florida's 5% sales tax on advertising. Clorox President-Chief Operating Officer John Collins has publicly opposed the tax, as has public affairs chief David Goodman in his role as a board member of the American Advertising Federation, the Assn. of National Advertisers and other trade associations. Clorox pulled spot TV buys for Clorox liquid bleach from Florida but didn't block the Sunshine State out of its network buys.

In April 1987, Henkel KGaA, the German giant consumer products marketer that competes against P&G around the world, increased its financial stake in Clorox. It announced its intention to boost its percentage from 23% of outstanding shares of Clorox's common stock to as much as 30%. Henkel also holds a subordinated note convertible into about 1.7% of additional Clorox common stock. Both companies say the move was not a prelude to a takeover. U.S. analysts say the announcement reflects the Duesseldorf-based company's satisfaction with Clorox and with favorable currency fluctuations.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	423	929
Magazines	7,636	11,729
Newsp. supp.	0	1,812
Bus pubs	1,165	668
Network TV	39,022	45,122
Spot TV	12,059	13,556
Network radio	1,362	1,671
Spot radio	150	63
Outdoor	0	2
Network cable	5,444	4,144
Total measured	67,061	79,692
Unmeasured	22,863	27,169
Total	89,923	106,861

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Corporate Personnel

John W. Collins, president-coo
R.C. Richter, vp-Olympic Home Care prods
W.E. Lynn, vp-Kingsford prods
G.C. Sullivan, vp-household prods
A.W. Biebl, vp-foodservice prods

Marketing Personnel

David L. Goodman, vp-public affairs & mktg svcs
R.P. Johnson, adv mgr-household prods
J. Roberts, adv mgr-Kingsford prod
K.S. Koelman, dir-mktg, Clorox foodservice prods
L.R. Lamothe, mgr-Lucite paint prods
R.D. Morgan, mgr-Olympic prods
R.H. Bolte, dir-media operations

Advertising Agencies

Anderson/Rothstein, San Francisco—Hidden Valley Ranch, Domani Italian food prods, Kitchen Bouquet, Pitch 'R Pak—Kim Rothstein, acct super.

DDB Needham Worldwide, Chicago—Act, Clorox Pre-Wash, Liquid-Plumr, Match Light, Soft Scrub, Kingsford charcoal, Strike, Wave—Colby Kerr, mgmt super.

Foote, Cone & Belding, San Francisco—Clorox bleach, Clorox Fresh Scent, Clorox 2, Formula 409, Tackle, Twice As Fresh, Tilex, new prods—John Loden, mgmt super.

Scott Advertising, Milwaukee—Moore's frozen foods, Clorox liquid bleach, Formula 409 for Clorox foodservice customers—Charles E. Reynolds, mgmt super.

Young & Rubicam, San Francisco—Fresh Step, Hidden Valley Ranch dry salad dressing, bottled Hidden Valley Ranch, Litter Green, Olympic paints & stains, Lucite interior and exterior paints, new prods—Craig Branigan, genl mgr.

RANK **24**

Coca-Cola Co.

Atlanta

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,669	7,212	20.2
Net income	934	722	29.4
U.S.	**1986**	**1985**	**% chg**
Sales	4,650	4,217	10.3
Operating profits	514	496	3.7
Advertising	370	394	(5.9)
Division sales	**1986**	**1985**	**% chg**
Soft drinks	5,977	4,813	24.2
Entertainment	1,374	1,072	28.1
Food	1,318	1,328	(0.7)

Coca-Cola Co. took a major step in firming up its major domestic markets in 1986 by buying several of its major bottlers and then spinning them off into a separate publicly held company, Coca-Cola Enterprises Inc., of which Coca-Cola retained a 49% interest.

Fulcrums of Coca-Cola Enterprises are JLT Corp., Coca-Cola's biggest bottler, and the bottling operations of Beatrice Cos., bought by Coca-Cola Co. for an aggregate $2.4 billion in mid-1986. Several other Coca-Cola Co.-owned bottlers were then merged with the two to form Enterprises in September 1986. The spinoff company went public in a $1.18 billion offering in November.

The capital-intensive company that carbonates the concentrate, bottles it and sells it to stores has a strong presence in many of the attractive growth markets, particularly in the South and on the West Coast via the former Beatrice unit.

The move in one sense was made out of necessity, because both of the big bottlers forming the base of Enterprises came up for sale during 1986. Purchasing the operations kept them in the Coke fold in its heated battle with PepsiCo, which owns bottlers representing about 35% of its volume.

But efficiencies of scale already are being accrued by Enterprises, which has been buying up additional bottlers abutting areas controlled by its own units.

Coca-Cola's battle with PepsiCo—the so-called Cola War—collided in the fast food market in 1986 and early this year. In October, Wendy's International Inc. switched from serving Pepsi-Cola to Coca-Cola Classic in its company-owned stores, while Burger King Corp. decided earlier this year to remain in the Pepsi camp even though the company had announced it was flirting with the idea of switching.

The battle was not insignificant. An estimated 19% of Pepsi's soft-drink sales come from food chains, while about one-third of Coca-Cola's business comes from restaurants, according to industry analysts.

Overall, both Coca-Cola Co. and PepsiCo improved market share. "It was a year in which the big got bigger at the expense of the little guys," says Lee D. Wilder, first-VP and soft-drink analyst at the Robinson-Humphrey Co. Inc. However, neither got as big as it wanted. Coca-Cola was stopped from buying Dr Pepper Co. and PepsiCo from gaining Seven-Up Co. by the Federal Trade Commission, noting the proposed mergers would substantially reduce competition in the U.S. soft drink market.

According to *Beverage Industry*, a trade journal, industry leader Coca-Cola Co. increased its overall soft-drink market share to 39.8% in 1986, up from 38.6% in 1985. Second place PepsiCo also improved its overall soft-drink share to 30.7% from 29.8%.

In the head-to-head war of individual brands, Coca-Cola Classic overtook Pepsi to reclaim first place in 1986 after the 1985 "New Coke-Old Coke" disaster, which had allowed Pepsi to slip into the lead.

In 1986, the first full year of Coke Classic, the brand scored a 19.1% market share compared with 14.2% in 1985. Pepsi-Cola actually dropped in market share from 18.9% in 1985 to 18.6% despite case growth of 2.4%. But the year's big loser was the so-called reformulated Coke. Despite Coca-Cola's claim that new Coke would be the company's second most successful brand introduction (Diet Coke was first), new Coke ended the year dropping from a 15% share in 1985 for a No. 3 rating, to 2.4% and a ninth-place finish in 1986.

Coca-Cola had its strongest market year in the diet soft drink area. Coke's lineup of diet products (Diet Coke, Caffeine Free Diet Coke, Diet Sprite, Tab, Diet Cherry Coke, Caffeine Free Tab and Fresca) held 42.4% of the total low-calorie market with 684.4 million cases sold. PepsiCo diet products (Diet Pepsi, Sugar Free Pepsi, Diet Slice, Pepsi Free and Pepsi Light) were second with a 31% aggregate share based on 503 million cases sold.

But *Beverage Industry*, also estimated that Coca-Cola was the only leading soft-drink company with falling advertising expenditures during 1986. Coca-Cola's estimated soft-drink measured advertising dropped from $158.3 million in 1985 to $151.8 million in 1986, a decline of about 4%. Pepsi turned up the advertising heat with expenditures rising 11.5% to $130.1 million.

Ms. Wilder noted that the drop in measured dollars spent could reflect increasing use of barter advertising available to the company through its television programming companies. "I think they do not intend to have dramatically fewer advertisements before the public, but they want more carefully managed dollar expenditures," she says.

New Coca-Cola did score big in 1986 with the Max Headroom commercials that ranked first among all commercials in audience recall, according to the Video Storyboard Tests Inc.'s annual viewer survey. Video Storyboard estimates Coca-Cola spent about $48.3 million in 1986 for the Max Headroom spots. Measured on a cost-efficiency rating, the company paid about $12.07 to be noticed per 1,000 viewers.

Rival Pepsi fell in the poll, but scored better on its cost efficiency. Recall of Pepsi's 1986 ads featuring Don Johnson and Michael J. Fox ranked only fifth among viewers, while the company's 1985 spot with Lionel Ritchie ranked first. Still, the company scored a cost efficiency of $10.92 per thousand.

Coca-Cola's foray into entertainment continues to be troubled. In the second quarter, the company said it would write off more than $25 million to cover the costs of the Dustin Hoffman-Warren Beatty movie megaflop, "Ishtar."

But revenues from Coke's television syndications, including "Wheel of Fortune" and "Jeopardy," were good enough to boost overall entertainment sector revenues by more than 28% in 1986. The company does not report its TV and motion picture revenues separately.

The foods division lost ground in 1986 and underwent a management shake-up

With sales off by nearly one percent in 1986, Coke replaced Eugene V. Amoroso as president of the Foods Division with Harry E. Teasley Jr.

Ms. Wilder says the move makes 1987 "a clean-house type of year. I would expect to see more and more aggressive exploiting of their brand name advantage in lines like Minute Maid." She says the company may also move strongly into the frozen desserts business.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,227	6,941
Magazines	5,712	9,065
Newsp. supp.	161	997
Bus. pubs.	668	835
Network TV	99,381	119,107
Spot TV	82,993	75,048
Network radio	2,222	865
Spot radio	16,608	14,732
Outdoor	3,166	3,852
Network cable	5,997	4,598
Total measured	222,135	236,038
Unmeasured	148,244	157,522
Total	370,379	393,560

COCA-COLA CO.
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Coca-Cola USA

Corporate Personnel

Edwin R. Meller, sr vp

Marketing Personnel

John C. Reid, sr vp, Coca-Cola USA
Deborah Gunnells, mgr, graphics and design svcs, Coca-Cola USA
Jacquie Turner, dir-adv & production svcs
William L. Schermerhorn, dir-mktg, Cola brand
C. Patrick Garner, group brand dir, citrus brands
Mike Beindorff, group brand dir, diet brands
Kenneth F. Craft, dir-promo svcs

COCA-COLA FOODS

Corporate Personnel

H.E. Teasley, Jr., vp, Coca-Cola Co., president-ceo, foods business sector
Grady Tiller, president, coffee unit
Gary Barnes, president-ceo, Coca-Cola Foods Canada

Marketing Personnel

H.S. Robinson III, sr vp-mktg, planning foods business sector
Anthony J. Rebello, sr vp, foodservice
M.J. Campbell, vp, orange juice mktg
G.W. Woody, vp, refreshment beverage mktg

Advertising Agencies

Burrell Advertising, Chicago—black consumer adv—Tom Burrell, president; Sarah Burrough, sr vp-genl mgr; Bill Sharp, sr vp-genl mgr, Atlanta; Chuck Wimbley, sr vp-acct svcs; Neva Richardson, acct super.

Castor Spanish International, New York—Hispanic adv—Castor Fernandez, president; Carlos Delgado, media dir; Roberto Manzano, creative dir.

Lowe Marschalk, New York—Sprite, Diet Sprite, Mr. PiBB, Minute Maid orange soda, Fresca, Mello Yello—Richard Villante, exec vp-genl mgr; Eric Einhorn, Dan Cohen, exec vps-acct svcs; Joseph DePreta, Peg Jump, mgmt supers; Lil Panettiere, mgr.

McCann-Erickson, New York—Coca-Cola, caffeine-free Coca-Cola, Fanta—Edward Comiskey, sr vp-group dir; Marsha Badanes, sr vp-mgmt rep; Melvin Philpott, vp-mgmt rep.

SSC&B, New York—Coca-Cola Classic—F. Stone Roberts, exec vp-chmn, strategy review board; Rudy Bechtel, exec vp; Becky Broers, vp-acct super. Diet Coke, caffeine-free diet Coke—Terry Rosenquist, exec vp; Don Lenehan, sr vp; Michael Skoletsky, vp-acct super; Lisa O'Connell, Sheila Dailey, acct execs.

ENTERTAINMENT SECTOR
New York

Corporate Personnel

Francis T. Vincent Jr., president-ceo; exec vp, Coca-Cola Co.
J. Brian McGrath, president-ceo, intl
Peter C. Kells, exec vp
Chase G. Carey, exec vp, intl
James R. Spitz, president, Columbia Pictures domestic distribution

COLUMBIA PICTURES WORLDWIDE MARKETING GROUP

Corporate Personnel

Gregory Coote, president
Robert Dingilian, exec vp-worldwide mktg

COLUMBIA PICTURES
Burbank, Calif.

Corporate Personnel

David Puttnam, chmn & ceo
David V. Picker, president-coo
Frederic I. Bernstein, president, worldwide prod

COLUMBIA PICTURES TELEVISION GROUP
Burbank, Calif.

Corporate Personnel

Herman Rush, president
Barbara Corday, president-Columbia Pictures Television

Marketing Personnel

Kay Dangaard, vp adv, publicity, promo
Steve Astor, vp-adv, publicity, promo
David Mumford, vp-rsch

COLUMBIA PICTURES MERCHANDISING

Marketing Personnel

Lester J. Borden, vp-genl sales mgr
Ellen Padell, dir-mktg & promo

COLUMBIA PICTURES PUBLICATIONS

Corporate Personnel

Kevin Kirk, president

Marketing Personnel

John Kelleter, exec vp-mktg & sales

Advertising Agencies

HDM Advertising, Los Angeles—Chuck Reynolds, sr vp-mng dir.

McCann-Erickson Worldwide, Los Angeles—all entertainment sector except Coca-Cola Telecommunications—Marcio Moreira, exec vp-intl creative dir.

Colgate-Palmolive Co.

RANK
36

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,985	4,524	10.2
Net income	177	109	62.2

U.S.	1986	1985	% chg
Sales	2,286	2,170	5.3
Operating profits	189	196	(3.8)
Advertising	238	250	(4.9)

Division sales	1986	1985	% chg
Household	3,675	3,403	8.0
Health care	995	813	22.4
Specialty mkting	315	308	2.2

Colgate-Palmolive Co. strengthened its global strategy with new products, heavy research spending and a worldwide agency consolidation during 1986. The company also started up an entrepreneurial venture to test new "niche" products and continued a longtime plan to divest itself of businesses unrelated to its core segments of household products, personal care, healthcare and specialty marketing.

The company consolidated its agency business and moved $100 million in billings from Ted Bates (now Backer Spielvogel Bates), New York, to Young & Rubicam, New York, and Foote, Cone & Belding, New York. Y&R now has about $150 million in Colgate billings; FCB has $125 million. The consolidation came at least partly because of a conflict resulting from Saatchi & Saatchi PLC's acquisition of Bates. Saatchi handles Colgate rival Procter & Gamble. Colgate continues to reaffirm its quest for creative excellence, and a number of its commercials have won honors in recent award competitions.

Engineering a new segment in dishwashing liquid, Colgate introduced in June 1986 the first automatic dishwashing liquid available on a national basis, Palmolive Automatic. In January, the company rolled out a lemon fragrance line extension.

In its continuing battle against Procter & Gamble's leader Crest, Colgate introduced nationally Colgate Tartar Control toothpaste and gel in September 1986. Another major new product in the Colgate portfolio was a lemon-lime extension of Palmolive dishwashing liquid.

Reformulated products included Irish Spring Deodorant Soap, now with skin conditioners, rolled out in September 1986; Fab laundry detergent with advanced softening systems, introduced in December 1986; and Dynamo 2 heavy duty liquid laundry detergent.

On October 5, Colgate begins shipping Fab 1 Shot, a single-dose washer-to-dryer packet. Colgate is the first company out nationally with a unitized dose laundry product.

While Colgate continues to divest companies unrelated to its businesses, it is still venturing into new markets and continues to acquire companies that complement existing businesses. Under the newly formed Colgate Venture Co., a group charged with brainstorming new product ideas that take Colgate into new niche areas, Colgate tested Maniac, a new teen fragrance line; the Cleaning Dimensions, cleaning stores that also sell Colgate products; Teledisc music; and Fresh FeLiners, a new odor-absorbent liner for cat litter boxes. In September, Colgate is expected to introduce New Again, a blood stain remover to be sold in the feminine hygiene departments of mass-market stores.

Colgate this year also created a new product group that is testing Fabuloso all-purpose cleaner directed at the Hispanic market. The company also increased its R&D investment to 2% of 1986 sales, up from 1% of annual sales in 1982.

In divestitures, Colgate's Kendall healthcare subsidiary sold off three businesses in 1986: Curity baby apparel group, sold to Gerber Products Co.; Kendall's Industrial Fabrics, sold to American Fiber and Finishing; and MedaSonics Inc., sold to Settsu Paperboard Manufacturing Co. Colgate's Knoxville, Tenn.-based Bike Athletic sporting goods business was sold to Kazmaier Associates Inc.

Colgate's divestiture program realized $232 million in proceeds, which was used to reduce outstanding debt. The divestiture program also reduced manufacturing and administrative costs, and 250 positions were eliminated.

In acquisitions, Colgate purchased the $50 million home healthcare lines of Jung Corp., Cincinnati, makers of elastic support hose, orthopedic braces and medical equipment marketed under the Futuro and Rampon names. Colgate's Princess House specialty marketing subsidiary purchased Fiesta, a U.K. company that markets crystal, china and giftware through at-home parties.

Colgate-U.S. is acquiring the liquid soap businesses of Minnetonka. Product lines include Softsoap, the country's long-term leading liquid soap brand, Sesame Street children's bath products and Village Bath adult bath products.

Colgate's Kendall-McGaw Laboratories is purchasing Quest Medical Inc., Dallas-based marketers of electronic intravenous devices, for $13.5 million.

Colgate's global account consolidation at Y&R and FCB resulted in some international successes. In the U.K., the company relaunched Soft & Gentle deodorant targeting teens, and backed it with a TV spot set to rock star Cyndi Lauper's "Girls Just Wanna Have Fun" via Y&R. In the summer of '86, it took the No. 1 rank in the U.K. A humorous spot via FCB helped catapult Ajax liquid all-purpose cleaner to the No. 1 spot in the U.K. And in Italy, Colgate relaunched Dinamo (Dynamo) detergent with fabric softener with a humorous Y&R-inspired spot which helped to double brand share.

Colgate's big ad splash in '86 was support given the national roll-out of Palmolive Liquid automatic dishwasher detergent. Colgate backed the launch with a $30 million ad-promotion budget via Y&R. The product, Colgate's first in the $550 million automatic-dishwasher detergent market, claims an 18% share and market leadership in the liquid segment. P&G's Cascade powder remains the market leader overall with an estimated 42% share, and P&G is adding a liquid version. Lever Bros. holds a 23% share with its Sunlight and All powder brands, and it began testing liquid Sunlight earlier this year.

During the year, however, Colgate lost momentum in the toothpaste segment. In early 1985, Colgate toothpaste was on the verge of toppling P&G's Crest, perennial leader in the $1 billion dentifrice category. But P&G rolled out Crest Tartar Control. That product has helped strengthen P&G's overall Crest brand share from 30% in 1985 to 39% in 1986. Colgate's share dropped from 28% to 23%. But Colgate then retaliated with a $30 million ad budget via Y&R for Colgate Tartar Control toothpaste and gel. In April, the company broke network TV ads challenging Crest's superiority claims. The ad blitz, backed initially at an annual rate of $125 million, cited independent studies showing that Colgate was more effective than Crest.

A global launch of Colgate Tartar Control is generating sales at a $200 million annual rate, according to Colgate.

Others in the category are also making comparative scientific claims, and the Food & Drug Administration is mulling whether to reclassify tartar and plaque-removal toothpastes from cosmetic to therapeutic. If so, companies would have to seek time-consuming new drug status.

Colgate's measured spending declined 8.2% to $87.3 million, and the decline showed a shift away from TV toward magazine advertising. Colgate cut spot TV by 19.7% to $13.4 million and sliced network TV spending by 12% to $57.1 million. Magazine spending jumped 78% to $12 million.

Slight spending declines generally appeared across the board of Colgate's brand portfolio. As expected, the biggest spending increases were for reformulated products and line extensions. Spending for Colgate toothpaste and gel was hiked 52% to $28.3 million, an increase primarily in support of tartar control. Palmolive dishwashing liquid saw an ad increase of 13% to $7.6 million because of the lemon-lime extension.

Colgate's worldwide sales increased 10% to $4.9 billion. Colgate attributed the gain to new products, stronger European currencies and the 1985 acquisition of the McGaw intravenous solutions business, now part of its Kendall unit. Income from continuing operations increased 5.8% to $177.5 million.

Colgate's largest businesses showed increases in sales, and the company says total operating profit from its business segments rose 10% to $362 million. The largest division—household and personal care products—increased sales 8% to $3.67 billion. Colgate's healthcare businesses' sales increased 22% to $994.9 million. Only sales in specialty marketing remained essentially unchanged—up 2% to $314.5 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,102	1,504
Magazines	12,093	6,341
Newsp. supp.	277	1,269
Bus. pubs.	117	221
Network TV	57,170	63,421
Spot TV	13,435	15,356
Network radio	672	446
Spot radio	1,089	1,387
Outdoor	9	0
Network cable	1,293	1,814
Total measured	87,259	91,758
Unmeasured	150,608	158,375
Total	237,867	250,133

COLGATE-PALMOLIVE CO.
300 Park Ave.
New York, N.Y. 10022
(212) 310-2000

Corporate Personnel

Reuben Mark, chmn, president-ceo
William S. Shanahan, sr exec vp-coo/Colgate
J. Dale Sherratt, sr exec vp-coo/Kendall
Roderick L. Turner, sr exec vp-coo/specialty mktg
John M. Watkins, sr exec vp-chief strategic & business devel officer
Benjamin C. Davis, vp-human resources
Katharine R. Tarbox, vp-investor relations
Clay S. Timon, vp, worldwide adv

COLGATE U.S.

Corporate Personnel

A. Courtenay Shepard, vp-genl mgr
Ralph A. Champlin, vp-sales
Alec deGuillenchmidt, vp-finance
Robert J. Joy, vp-human resources
Robert L. Swinney, vp-operations

Marketing Personnel

Ariel A. Allen, vp-creative svcs
Robert E. Blanchard, vp-mktg
Cyrill Siewert, vp-new business devel & planning
John P. Benfield, mgr, new business
Paul Brindak, group prod mgr
Joseph A. Uzzolina, category mgr
James Leach, category mgr
Elaine D. Decker, group prod mgr
D. Meyer, genl mgr, U.S. oral care
Jack Haber, mktg mgr, U.S. oral care
Doug Presley, financial mgr, U.S. oral care
M. Libertore, sales mgr, U.S. oral care
Horace C. Moses III, president, Colgate-Hoyt Laboratories

Advertising Agencies

Foote, Cone & Belding, New York—Palmolive dishwashing liquid, Dynamo detergent, Fab detergent, Ajax all-purpose cleaner, Palmolive soap, Dentagard, Curad bandages, Ultra Brite toothpaste, Fluorigard dental rinse, Axion Paste—Charles Taney, exec vp-worldwide acct dir; Colleen Gowl, sr vp-group mgmt dir, U.S.; James McConnell, sr vp-group mgmt dir, intl; Louis Rubin, vp, new prods/business; Dennis O'Hearn, Patti Albanese, Cynthia Beeger, acct dirs.

Siboney Advertising, New York—Hispanic adv for all brands—Roger Pisani, genl mgr; David Cole, acct super; Maria Botta, acct exec.

Young & Rubicam, New York—Colgate Dental Cream, Fresh Start detergent, Irish Spring soap, Colgate toothbrushes, Shave Preps, Palmolive automatic dishwashing detergent—Philip Asche, sr vp-worldwide acct dir; Robert Fane, sr vp-mgmt super, domestic; Dany Khosrovani, sr vp-mgmt super, PCP; John Leonard, vp-mgmt super, worldwide; Harry Mosher, Howard Buford, Evangeline Ames, Jane Quelch, category supers.

KENDALL CO.
Boston

Corporate Personnel

J.D. Sherratt, president-ceo
M.S. Roskothen, exec vp
W.R. Lean, president, health care prods
F.J. Zeitvogel, president, film & adhesives
J.N. Balboni, president, nonwovens
M.B. Cogbill, vp-genl mgr, intl
C.P. Bruen, president, McGaw Labs

Top 25 spot TV advertisers

Rank	Advertiser	Spot TV ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	PepsiCo Inc.	$257,033	$217,412	18.2	44.2
2	Procter & Gamble Co.	233,932	284,395	(17.7)	16.3
3	Philip Morris Cos.	134,725	126,541	6.5	9.9
4	McDonald's Corp.	128,180	118,046	8.6	21.7
5	General Mills	127,253	105,844	20.2	23.1
6	Pillsbury Co.	125,218	113,426	10.4	25.3
7	Anheuser-Busch Cos.	97,999	71,153	37.7	15.2
8	Toyota Motor Corp.	90,292	71,080	27.0	43.2
9	Coca-Cola Co.	82,993	75,048	10.6	22.4
10	Hasbro Inc.	72,281	63,068	14.6	57.7
11	Chrysler Corp.	63,551	63,133	0.7	14.9
12	Kraft Inc.	61,803	67,735	(8.8)	14.1
13	Unilever NV	60,808	62,186	(2.2)	11.7
14	Ford Motor Co.	55,821	37,100	50.5	8.6
15	Time Inc.	54,988	45,475	20.9	28.9
16	General Motors Corp.	49,192	49,067	0.3	5.9
17	Kellogg Co.	48,804	51,050	(4.4)	13.0
18	Mars Inc.	48,065	40,457	18.8	15.4
19	BCI Holdings (Beatrice)	47,798	44,226	8.1	8.9
20	Nissan Motor Co. Ltd.	44,426	44,974	(1.2)	24.7
21	IC Industries	43,480	36,577	18.9	26.3
22	Walt Disney Co.	42,684	28,213	51.3	19.5
23	Quaker Oats Co.	41,726	27,108	53.9	13.5
24	American Telephone & Telegraph	41,124	29,700	38.5	9.3
25	Nestle SA	40,913	54,327	(24.7)	13.4

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

D.A. Arena, president, RCI
J.J. Guarnieri, president, Futuro

Marketing Personnel

W.C. Drake, vp-sales & mktg, health care prods
L.E. Potocki, dir-adv & promo, health care prods
J.F. Dawson, adv mgr, health care prods

Advertising Agency

Casey Media—Robert W. Casey, president.

HILL'S PET PRODUCTS
Topeka, Kan.

Corporate Personnel

Robert C. Wheeler, president
Stephen J. Fogarty, vp-intl sales & mktg
Dr. Elizabeth Hodgkins, tech rsch mgr

Marketing Personnel

David Geier, vp-mktg
J. Richard Woodall, vp-sales
Dr. Kitson Logue, prod mgr, prescription diets

Advertising Agency

Harmon Smith Advertising, Kansas City, Mo.—Marc Ford, acct exec.

INSTITUTIONAL FINANCING SERVICES
Benicia, Calif.

Corporate Personnel

Michael J. Rippey, chmn-ceo
E. Peter Raisbeck, president

Marketing Personnel

Jim Cascino, exec vp-sales
David V. Rudd, exec dir-mktg

PRINCESS HOUSE
North Dighton, Mass.

Corporate Personnel

Robert J. Haig, president

Marketing Personnel

Steven Zrike, vp-mktg
Charles Kantor, dir-mktg
John Crowley, vp-sales & field operations
Betty Bowes, dir-field operations

CPL INDUSTRIES
Tonafly, N.J.

Corporate Personnel

Kenneth E. Snyder, president

Marketing Personnel

Bernard J. Rafferty, vp-sales
Wulf Paulick, vp-mktg

Advertising Agency

H.J. Delaney Co., Chicago—Patrick Furness, vp-client svcs.

Adolph Coors Co.

RANK **61**

Golden, Colo.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	1,314	1,281	2.6
Net income	59	53	11.2
U.S. advertising	131	105	24.3
Division sales	**1986**	**1985**	**% chg**
Beer business	1,085	1,078	0.6
Other business	230	203	13.2

Adolph Coors Co. entered only one new state (Michigan) during 1986, but growth in established markets enabled the nation's fifth largest brewer to increase sales during the year.

Growth hasn't been difficult for Coors, which has been rapidly expanding from its Colorado base since the early 1970s. During 1986, Coors boosted its barrelage by 3.4% to 15.2 million barrels, while its total domestic and imported beer sales were up 2.5%.

Coors' market share grew to 8.4% in 1986, compared with 8.2% in 1985, according to Emanuel Goldman, partner at Montgomery Securities, San Francisco. Coors' ranking was carried by the nation's fourth most popular brew in total barrelage, Coors premium beer, with a 4.3% market share (4.8% in 1985), and by Coors Light, the sixth most popular beer, with a market share of 4% (3.4% in 1985). To become the nation's fourth largest brewer, Coors must move past G. Heileman Brewing Co., whose 8.8% market share in 1986 was based on 16.2 million barrels, the same as in 1985.

The company's future growth will be aided by its Shenandoah Brewery, near Elkton, Va., which began shipping Coors and Coors Light in April 1987.

Mr. Goldman projects Coors barrelage will increase 3% in 1987 to 15.7 million. "When it comes to brewing beer, historically they've been among the best," Mr. Goldman says.

In the first quarter of 1987, the company pushed Coors and Coors Light into New York and New Jersey, a market that consumes 17 million barrels of domestic and imported beer. Coors' nationwide coverage will be complete in 1990 when it plans to penetrate Indiana, Pennsylvania and Delaware.

The brewer attributes 1986's barrelage increase to growth in southeastern states, California and Texas, as well as the entry into Michigan.

New York/New Jersey, however, will be a tougher market to crack, analysts say. The market is dominated by Anheuser-Busch, whose Budweiser is No. 1. Miller Brewing Co.'s High Life and Lite are No. 2 and No. 3. And the experts predict problems due to Coors' scrapes in the past with organized labor, which has vowed to fight its New York and New Jersey expansion. This "is a real issue," one analyst says. However, on August 19, 1987, the AFL-CIO called off its national boycot of Coors.

But Coors is putting $25 million in advertising behind its efforts to win those markets. "New Jersey sales are well ahead of the targeted market share, which is well into the teens," says Terry Nauslar, director of international expansion and sales development. In Upstate New York, Coors had targeted a 6% to 7% market share, which it is now exceeding. In metro New York, the brewer's share pulls in at about 8% to 10%, Mr. Nauslar says.

Coors also is banking heavily on pushing its products outside the U.S. to continue growth. Part of that effort is guided by the April 1987 entry of Coors into the Japanese market via Asahi Breweries Ltd. Coors has captured the No. 2 American beer spot in that market behind Anheuser-Busch.

In October 1985, Coors began distributing Coors and Coors Light in Canada through a license agreement with Molson Brewery Ltd. In 1986, these two brands captured more than 5% of the 20 million-barrel Canadian beer market, and Coors Light ranks as the No. 2 Canadian-American beer.

In the U.S., Coors continues to strengthen its ethnic markets. Sales in the Hispanic market continued to hold steady at about 9% during 1986, the same percentage as in 1985.

In a move to strengthen its sales and marketing arm, Coors restructured management responsibilities within the brewing division. Gary Naifeh was promoted to VP-brand management, Gary Truitt was named VP-sales and Robert Klugman, VP-international, development and marketing services. Frank Spinosa, previously the VP-sales, resigned.

Coors is continuing its "Coors is the One" campaign, a low-key series featuring actor Mark Harmon. TV dominates Coors' media spending, accounting for 85% of total measured spending.

Coors Light continues to perform well, increasing sales 20% in 1986. Its sixth place ranking in total barrels is up from the seventh spot in 1985. In 1986, Coors Light commanded 16% of the U.S. domestic light beer market, compared with 1985's share of 15%, according to Beer Marketer's Institute. Market leader Miller Lite held a 43.7% share in 1986.

In the first quarter of 1987, Coors claims Coors Light moved up to the No. 5 spot in barrelage among all beers, replacing Stroh Brewery's Old Milwaukee.

Coors is continuing with its "Silver Bullet Bar" campaign created by Foote, Cone & Belding, Chicago. In July 1987, the company began featuring celebrities such as Carlos Palomino, former world welterweight champion, and Siegfried and Roy, two magicians who demonstrate their power of illusion when they transport the Silver Bullet Bar to the middle of a desert with seven white tigers sitting around the bar. The brewer also boosted measured advertising for its Light beer by 60% to $30.6 million in 1986.

Coors Light is also targeting the women's market with a new campaign that claims, "You don't have to be a man to appreciate a great beer." Evans/Bartholomew Pollock Norman, Denver, handles. According to market research, women buy 17% of the beer sold in the U.S., a market estimated at $6.5 billion.

Coors' market expansion efforts also include the national rollout of its Winterfest Beer, which in 1986 was only available in Colorado. Beginning in November, the heavier-bodied brew will be available in 45 states. Marketing efforts will focus on public relations via a campaign developed by Foote, Cone & Belding, Chicago.

In the first half of 1987, market expansion continues to be the force behind Coors Extra Gold beer, a heavier premium positioned against A-B's Budweiser; George Killian's Irish Red Ale, positioned to compete with imports; and Herman Joseph's Original Draft, the brewer's super premium beer, positioned against A-B's Michelob and Miller's Genuine Draft.

Coverage for Extra Gold, tagged "No Beer's as Bold as Coors' Extra Gold," in advertising from Tatham-Laird & Kudner, Chicago, was extended from five Western states to 14 in April 1987. Killian's Red Ale is now available in 34 states and the District of Columbia, and Herman Joseph's is in 23 states.

Coors, which has not introduced a new beverage product since the demise of its malt-based Colorado Chiller in 1985, says it is still interested in the cooler market, but has no plans to introduce any new product soon.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,486	2,055
Magazines	942	2,309
Bus pubs	271	34
Network TV	45,857	18,076
Spot TV	28,186	34,863
Spot radio	7,637	9,537
Outdoor	1,161	1,565
Network cable	1,562	1,630
Total measured	87,101	70,069
Unmeasured	43,508	35,000
Total	130,609	105,069

ADOLPH COORS CO.
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Marketing Personnel

Bob Rechholtz, exec vp-sales & mktg
Gary T. Naifeh, vp-brand mgmt
Robert Klugman, vp-intl mktg, devel, mktg svcs
Robert Fox, dir, Coors, Coors Extra Gold
June Smith, dir, Coors Light
Robert McBride, brand mgr, Coors Light
Gary Skovsted, brand mgr, Coors Extra Gold
Betsy Ross Krieg, brand mgr, Herman Joseph's Original Draft
James Poor, brand mgr, George Killian's Irish Red Ale
Craig Guthrie, mgr, new prods
Mark Reiss, dir-media, field mktg
Michael Marranzino, dir-sales & mktg operations
Cully Marshall, mgr-field mktg
Bob Hobbs, mgr-mktg svcs
Mark Stankovic, mgr-intl mktg

Advertising Agencies

Evans/Bartholomew Pollock Norman, Denver—corp. community relations—Charles Bartholomew, president-acct super; Susie Davis, acct coord.

Foote, Cone & Belding, Chicago—Coors, Coors Light, George Killian's Irish Red Ale, Herman Joseph's Original Draft expansion—Bill Melzner, sr vp-group acct dir; Jim Gregga, vp-acct dir, Coors Light; Randy Windschitl, vp-acct dir, expansion, Coors; Kent Vlautin, vp-assoc media dir; Mike Rogers, sr vp-exec creative dir; Dave Moeller, sr vp-creative dir, Coors; Bob Simon, vp-group creative dir.

GSD&M, Austin, Texas—Hispanic mkts—Roy Spence, president; Chuck Grady, sr vp-acct exec; Raoul Rodriguez, vp-Hispanic svcs, Coors; Gary Brahl, sr creative dir; Hank Olguin, public affairs dir.

Tatham-Laird & Kudner, Chicago—Coors Extra Gold—Bob Hielscher, sr partner-group acct dir; Bob Janssen, mgmt super; Dick Herrman, acct super; Frank Amadio, acct exec.

UniWorld Group, New York—Black mkts—Fred Jackson, Ron Campbell, vps-mng supers; Bill Allen, sr vp-creative svcs; Valerie Graves, vp-creative group head; Phil Costa, Aaron Bell, vps-assoc creative dirs.

Cosmair Inc.

RANK **69**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	725	700	3.6
U.S. advertising	120	122	(1.4)

Cosmair Inc.'s advertising budget dropped back slightly in 1986 to 1984 levels as the company selectively cut spending on some mass-market haircare and cosmetics products.

Privately held Cosmair, the U.S. licensee for L'Oreal and Lancome, is 62% owned by Nestle SA, with the balance of ownership split between L'Oreal interests. Although Cosmair does not publicly report sales or earnings, industry observers believe its profit margins, like the rest of the industry's, have been under pressure and that this squeeze prompted the normally aggressive marketer to curb spending.

The third largest beauty company was alone in holding spending below prior year levels. Competitor Estee Lauder Inc. increased its measured spending 6.4% to $49.8 million, while Avon boosted measured spending 11.4% to $28.3 million. Revlon's spending exploded 29.3% to $75 million, the real increase being disguised by the inclusion of Max Factor, Aimay and Halston, which were gained through acquisition.

In unmeasured media, where cosmetics companies traditionally spend heavily on promotional activities, gift-with-purchase and demonstrations, Cosmair cut less than $500,000 from its 1985 budget, which sources say is attributable to a desire to ensure sell-through in a difficult business climate, particularly in the fragrance market where industry sales dropped 3% in 1986.

Of the media used by Cosmair, spot TV showed the largest increase, growing 45% to $14.8 million. The spot increases can be traced mainly to spending backing the upscale Polo and Drakkar Noir men's fragrances as well as the Lancome cosmetics lines sold largely in department stores that may be more effectively served by the target marketing spot offers. Network cable also rose 46.6% to $1 million as Cosmair continued to promote its Studio line of hair styling products aimed at music video fans and advertised on MTV: Music Television. Magazine advertising dropped 4.7% to $24.4 million, and network TV spending fell 11.6% to $37.2 million.

Cosmair's business is served by four primary divisions: Lancome, L'Oreal, Biotherm and designer and retail fragrances.

The single greatest budget for one line in 1986 went to Lancome cosmetics, which received $12.8 million in measured media. Lancome's sales rose more than 20% to $240 million-plus last year, according to industry sources who estimate its market share at more than 11%, placing it No. 3 behind Estee Lauder and Clinique brands in department store sales. In early 1987, Lancome was one of more than a dozen brands that the Food & Drug Administration asked to change its claims or seek registration as a drug. In general, the brands got into hot water by claiming they increase cell renewal. At presstime, the matter had not been resolved.

L'Oreal Preference hair color attracted spending of $10.2 million, down 19% from 1985 levels when Preference was repackaged and reintroduced. By comparison, Bristol-Myers's Clairol doubled spending on its Ultress hair coloring to more than $11 million.

While the Preference reintroduction helped boost hair color sales between 15% in supermarkets and 30% in drug stores, in 1986 total increases in L'Oreal sales of hair color fell back to 5% in food stores, according to Diana Temple, VP, Salomon Brothers. Clairol posted 5% gains in these stores.

Salomon Brothers estimates L'Oreal's hair color market share at 26.6% and archrival Clairol's at 63.7%. Chain drug sources, however, say that L'Oreal's share is somewhat higher in drug stores and Clairol's a bit lower. To further boost Preference, L'Oreal hired actress/model Cybill Shepherd in 1986 as its endorser. By pitting the star of the popular ABC series, "Moonlighting," against Clairol's Ultress spokeswoman Linda Evans, L'Oreal hopes to improve its position in the $500 million hair coloring market.

L'Oreal also introduced a temporary coloring product, called Zazu, in vivid colors. The product is aimed at young consumers. Retailers, however, say the product would have performed better if it had been sold in the hair care department instead of the cosmetics section of stores. The product was reportedly pegged for a $10 million promotion budget but instead received just more than $1 million in support.

Avantage, a semipermanent hair coloring introduced by L'Oreal in 1985, received $3.25 million in support in 1986 as L'Oreal continues to try to reach consumers now using Loving Care by Clairol.

In sales of styling aids, L'Oreal, which pioneered the mousse category in this country with Free Hold, remained the leader with a 13%-plus share through both Free Hold and its new Studio Line. However, that share was down from 15.5% in 1985, in part because of a decline in mousse sales in general. In 1985, according to industry estimates, mousses accounted for 75% of the $183 million volume for hair styling aids in food and drug stores. By 1986, however, mousse sales took no more than 69% of the styling aids business, now estimated at $199 million. Meanwhile, styling gels' share of the business rose by four percentage points to 26%. Trailing L'Oreal in the mousse market are Helene Curtis with a 7.3% share for Suave and 5.4% for Finesse, Alberto-Culver Co. with 12.3% for Alberto Mousse, Sassoon with 4.6% and Revlon's Flex with 7%.

In sales of mass market cosmetics, L'Oreal ranked fourth in drug and food stores in three outside audits where competitors such as Maybelline, Revlon and Noxell dominated. Its Visuelle makeup maintained about a 3% share of market, unchanged from 1985, far below Noxell's 52% share in facial makeup, Maybelline's 22%, Revlon's 6% and Max Factor's 7%.

L'Oreal spent $9 million on nail color promotion, where its share moved ahead 1 point to 7%. Its share also advanced a point in lip color to 7.5%. Still, there were rumblings in the marketplace that L'Oreal was experiencing some problems. In one survey of selected retailers published by Goldman Sachs it was noted that Maybelline moved up to the No. 3 spot in makeup while L'Oreal dropped to No. 4, concluding that the "brand may be losing momentum."

Management has acknowledged that there are some areas it will seek to strengthen, notably mascara and eyeshadows. In early 1987, L'Oreal announced the introduction of Lash Out, a lash-extending mascara, and new eyeshadows under the Couleur Couleur and Couleurelle names. The shadows are priced lower than previous eye color from L'Oreal, which had sought the high end in pricing the product against the competition.

In total mass market fragrances sales, Cosmair is ranked sixth in sales through chain drug stores, following Revlon, Unilever NV's Matchabelli, Squibb Corp.'s Charles of the Ritz, Pfizer Inc.'s Coty and Beecham Group PLC's Jovan. However, in 1986 Cosmair's Vanderbilt fragrance was once again the single best-selling fragrance in drug stores. Still, last year it became evident that Vanderbilt may have hit the peak of its lifecycle. While sales topped $70 million, Vanderbilt lost share to Primo by Parfums de Coeur. Primo is a so-called knock-off, or copycat, of Giorgio.

To protect its mass market fragrance position, earlier this year Cosmair introduced a second Gloria Vanderbilt scent called Glorious. While the fragrance has been well received, retail reports indicate the brand has not had the quick success of Vanderbilt. In mass market men's fragrances, Cosmair's Chaps, a Ralph

How much did the nation's biggest advertiser spend on each of its brands?
Turn to LNA for answers.
See page 143

Lauren brand, remains strong.

During last year, Cosmair also decided to nix plans for a Norma Kamali scent. It fought hard to keep the rights to the brand name Notorious, a fragrance that it may introduce next year under the Ralph Lauren banner. Cosmair won a suit brought by Edison Bros., St. Louis, challenging Cosmair's rights to the name. Edison had wanted to sell the name to Faberge.

In early 1987, the company experienced two major management changes. President Jean Levy resigned and was succeeded by Guy Peyrelongue. And Arnold Zimmerman, former head of L'Oreal hair care, left to join Revlon as head of its cosmetics group.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	835	905
Magazines	24,370	25,633
Newsp. supp.	873	1,109
Bus. pubs.	0	13
Network TV	37,293	42,131
Spot TV	14,830	10,273
Spot radio	381	0
Outdoor	0	7
Network cable	1,021	682
Total measured	79,603	80,753
Unmeasured	40,807	41,396
Total	120,410	122,149

COSMAIR INC.
575 Fifth Ave.
New York, N.Y. 10017
(212) 818-1500

Corporate Personnel

Jacques Correze, chmn
Guy Peyrelongue, president-ceo
Michel Somnolet, exec vp & coo
James Nixon, exec vp
Joseph Augeri, exec vp

RETAIL DIVISIONS

Corporate Personnel

Roy Benjamin, president

L'OREAL HAIR CARE DIVISION

Marketing Personnel

Joseph Campinell, vp-genl mgr
Carroll Vanik, vp-sales
Carol Hamilton, asst vp-mktg

L'OREAL COSMETIC DIVISION

Marketing Personnel

Beatrice Dautresme, vp-genl mgr
Joe Lamia, vp-sales
Amy Frankel, asst vp-mktg

RETAIL FRAGRANCE DIVISION

Marketing Personnel

Dave Schulte, genl mgr
Tom Kennedy, vp-sales
Ron Rolston, mktg dir

LANCOME DIVISION

Marketing Personnel

Simon Critchell, sr vp-genl mgr
Robert Fernandez, vp-sales
Tony Michaels, vp-mktg & adv

BIOTHERM DIVISION

Marketing Personnel

Tom Day, vp-sales
Pam Fields, vp-mktg & adv

DESIGNER FRAGRANCE DIVISION

Marketing Personnel

John Wendt, exec vp-genl mgr
Stan Garland, vp-sales
Jane Terker, vp-mktg & adv, men's and women's designer fragrances

L'OREAL PROFESSIONAL DIVISION

Marketing Personnel

Ray Mager, sr vp-genl mgr
Claire Bruno, vp-mktg & adv

Advertising Agencies

Geers Gross, New York—Biotherm, Paloma Picasso, Ralph Lauren fragrances—Hank Wasiak, president; Russell Gilsdorf, exec vp-media dir; Peg Ianacone, vp-assoc media dir; Wes Deaton, asst media dir; Robin Fry, sr vp-mgmt super; Richard Weber, vp-mgmt super; Phyllis Califano, acct super; Nannette Seligman, acct exec; Kelly McCoy, asst acct exec.

Intermarco, New York—Lancome—Frederick Rhines, president; Nick LaMicela, creative dir; Alice Brand, sr acct exec; Hilary Cochran, media dir.

McCann-Erickson, New York—L'Oreal cosmetics—Linda Josleow, mng rep; George DiAmato, Herb Green, creative dirs; Lisa Roberts, acct super; Rebecca Randal, acct exec. L'Oreal hair prods—Dave Weiss, sr vp-group dir; Steve Moynihan, sr vp-mng rep; Jeanne Davidson, vp-acct super; Bill Gibbens, Paulette Hebert, acct execs. Cacharel fragrance—Steve Moynihan, sr vp-mng rep; Jeanne Davidson, vp-acct super. Drakkar Noir fragrance—David Edwards, acct super.

Strange boxfellows?

Chevrolet linked three new-vehicle introductions in 1986 in a tie-in with Procter & Gamble; the campaign was touted as the biggest cross-promotional effort ever. Chevrolet gave away 750 vehicles worth $9 million in the promotion, in which paper keys were placed inside 200 million boxes of seven P&G products. Consumers had to match up keys with dealers, who say the tie-in failed to produce significant numbers of buyers despite drawing increased showroom traffic.

RANK **68**

CPC International

Englewood Cliffs, N.J.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	4,549	4,210	80.5
Net income	219	142	54.2
U.S.	**1986**	**1985**	**% chg**
Sales	1,680	1,765	(4.8)
Operating profits	N/A	N/A	N/A
Advertising	122	122	(0.4)
Division sales	**1986**	**1985**	**% chg**
Grocery prods.	2,772	2,523	9.9
Corn wet mixing	1,671	1,521	9.9
Other	106	166	(36.1)

CPC International began a restructuring program last year designed to increase its presence in the U.S. market, expand existing food product lines, slough off nonfood operations and raise the value of its stock.

Worldwide grocery product sales, which account for two-thirds of total CPC sales, grew 10% to $2.77 billion, and operating income rose to $347 million, an increase of over 12% compared to 1985 (7.6% excluding a $13.5 million special charge). Best Foods, CPC's grocery products division in North America, however, recorded operating income about even with 1985, a result of heavy marketing spending aimed at maintaining existing product franchises.

According to John McMillin, an analyst with Prudential Bache Securities Inc., Hellmann's Best Foods Light Mayonnaise products have led CPC's "extremely successful marketing turnaround." Although available in just 32% of the U.S. in 1986, the new product contributed to Hellmann's Best Foods Mayonnaises' all-time high share—nearly 50%—in the $700 million mayonnaise market. The light product was rolled out nationwide this year.

However, when ranked within the spoonable salad dressing category, CPC's mayonnaise, at under 30% of the market, ranks second to Kraft's Miracle Whip sandwich spread and salad dressing brands, which together own 48% of the $1 billion market.

Mazola Corn Oil, 75 years old in 1986, is one year older than Hellmann's Mayonnaise, which was introduced to the U.S. in 1912 by Richard Hellmann. Mazola oil made a lower volume gain in 1986—5%, compared to a 13% gain in 1985. It holds a 17% share of the vegetable oil market. Procter & Gamble's Crisco is No. 1 at 22%; Beatrice Cos.' Hunt-Wesson Foods' Wesson oil is a close second with 21%. Mazola is the No. 1 corn oil in the U.S.

Combined sales of margarine and corn oil for CPC topped $740 million in 1986, 5% below 1985 levels. More than 50 new products and line extensions are added to Knorr soups, sauces, bouillons, seasonings and mixes annually,the company says. Yet Knorr is being outmaneuvered in the dry soup mix market in the U.S. by Campbell Soup Co. and Lipton, says Mr. McMillin of Prudential Bache.

Worldwide sales of bread spreads and cheese products, which include Skippy, Mazola and Nucoa margarines, increased 6% to $310 million, despite an overall flat market. A sweeter version of Skippy was introduced in the southern U.S., where it has been favorably received, says CPC. The brand ranks second with a 22% share of market—ahead of Beatrice's Peter Pan (14%) but behind Procter & Gamble's Jif (27%). Mazola and Nucoa margarines pull in 2% of a market dominated by Kraft (Parkay), Lever Bros. (Shedd, Imperial, Promise) and RJR Nabisco (Fleischmann's, Blue Bonnet).

CPC's aggressive new marketing attitude is evident in the national rollout of its Thomas' English muffins, as well as in the acquisition of Arnold Foods. Arnold does $230 million in sales annually, offering the Levys, Brick Oven, Brownberry and Devonsheer brands. CPC also acquired Old London, another specialty baker, which reports $18 million in annual sales. Together, both acquisitions should "provide the company with a lot of opportunity to build and expand as a baker of premium quality foods," says Bill Parker, a spokesman. Thomas' English muffins are now available in over 70% of the country; other products are Toast-r-Cakes and Sahara pita bread. S.B. Thomas showed an 8% sales increase and volume growth of 4% in 1986.

Mueller's, CPC's chief pasta business with a 15.6% share of the pasta market, is the largest single pasta brand in the U.S. A new side dish called Salad Bar Pasta and three new pasta shapes were introduced last year, with volumes up 2% in an intensely competitive market. For example, Borden Inc. bought up regional brands in order to distribute its Creamette product in 48 markets. Borden's, with five brands, accounts for 15% of the pasta field; Hershey Foods Corp. has 17% with six brands. Combined sales of bakery and pasta products for CPC were almost $260 million, an increase of 5% over 1985, exclusive of Arnold's and Old London sales.

Other CPC products such as Argo and Kingsford starches, Karo syrup and Niagara spray starch are leaders in their markets.

Total measured advertising of CPC's leading brands increased 4.9% to $46.7 million in 11 monitored media. Spot TV expenditures rose 17% to $13.8 million; network TV increased 5% to $16 million; magazine spending rose 5% to $11.3 million. Ad expenditures for Best Foods and Hellmann's mayonnaise decreased 6% to $10.8 million in 1986, with $1.6 million allotted to the new light products.

Spending on Mueller's pasta products fell 18% to $1.4 million and was split almost evenly between spot TV and magazines as opposed to 1985's exclusive spending on spot TV.

CPC increased spending on Mazola oil by 22% to $5.5 million, maintaining about 70% of the dollars in network TV. Spending on Mazola margarine was increased 24%, but the budget remained insignificant. Expenditures on Skippy peanut butter declined 3% to $7.7 million, reflecting the flat market; the bulk of dollars went to spot TV.

Because of its national rollout, advertising for Thomas' English Muffins was increased 37% to $7.1 million, with 96% of that going to spot TV. The company switched from promoting Toast-r-Cakes to Toast-r-Cookies in 1986.

Increased commitment to promoting Knorr products in the U.S. is evident in the 27% increase in expenditures, all in magazines, to $3.8 million in 1986. CPC spent $600,000 promoting Arnold's bread and Brownberry bread and croutons on spot TV, a good beginning for its late-1986 acquisition. Spending on Karo syrups increased 33%, due to promotion of Golden Griddle Pancake Syrup in magazines. Spending on Rit dyes and rust remover products rose 2% to $901,000.

This month the company plans to close a previously announced sale of its European corn wet-milling operation, a commodity-based venture. The sale is part of a company plan to concentrate future growth in the U.S. and grocery products businesses.

A substantial part of the proceeds will go to reduce debt assumed with the acquisition last year of Greenwich, Conn.-based Arnold Foods Co. and Old London specialty bakery businesses and debt incurred with its stock repurchase program. So far the company has repurchased some 16 million (20%) of its outstanding common stock for $1.3 billion following a takeover scare last year from Revlon's Ronald Perelman.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	857	1,388
Magazines	11,306	10,749
Newsp. supp.	321	804
Bus. pubs.	1,432	1,483
Network TV	15,976	16,852
Spot TV	13,776	14,190
Spot radio	2,842	1,378
Outdoor	162	25
Network cable	67	49
Total measured	46,740	46,918
Unmeasured	75,217	75,504
Total	121,956	122,422

CPC INTERNATIONAL
International Plaza
Englewood Cliffs, N.J. 07632
(201) 894-4000

BEST FOODS

Corporate Personnel

Richard W. Siebrasse, president
Robert J. Gillespie, exec vp

Marketing Personnel

Jan A. van Amerongen, vp-mktg svcs
Michael J. Bevilacqua, vp-sales
Donald C. Berman, business unit dir
Joan S. Dargery, business unit dir
Malcolm Fletcher, business unit dir
Susan B. Huffman, dir-consumer affairs
Robert T. Viscardi, media dir
Aaron Strauss, dir-info & mktg rsch

Advertising Agencies

Drossman, Lehmann, Marino, New York—new prods—Neil Drossman, Charles Lehmann, Domenick Marino, partners.

Ogilvy & Mather, New York—Hellmann's/Best Foods mayonnaise, Mueller's pasta prods, salad bar prods, new prods—Cliff Angers, acct group dir; Karen Green, mgmt super; Pamela Gittleman, acct super; Ben Kline acct exec.

Saatchi & Saatchi DFS Compton, New York—Mazola corn oil, Skippy peanut butter, Mazola margarine, Golden Griddle syrup, Karo syrups, Argo Corn Starch, Mazola No Stick, Hellmann's/Best Foods Mayonnaise, Hellmann's Best Foods Light Mayonnaise—David Srere, Mitch Roberts, acct supers; Barbara Gross, Suzanne Winkelman, Marianne Bess, acct execs.

BEST FOODS BAKING GROUP

Corporate Personnel

Robert B. Snyder, president

Marketing Personnel

John Wilcha, vp-sales, business mgmt
Octavian Pechar, vp-business mgmt
Maxwell Enock, vp-business mgmt
Robert Anderson, vp-sales

Advertising Agencies

Drossman, Lehmann, Marino, New York—new prods—Neil Drossman, Charles Lehman, Domenick Marino, partners.

North Castle Partners, Greenwich, Conn.—Arnold Bread, Rolls, Brownberry breads, Arnold croutons & stuffing, Old London melba prods, Devonsheer melba prods—Kyle Wilcox, acct super.

Young & Rubicam, New York—Thomas' English muffins, Toast-r-Cakes, Thomas' Light Wheat Bread, American Gourmet—John Swan, acct super.

CPC FOODSERVICE
Englewood Cliffs, N.J.

Corporate Personnel

Albert A. Witz, president

Marketing Personnel

Robert J. Nemec, vp-mktg & sales
Ronald Brown, natl sales mgr
Mike Taylor, sr prod mgmt
Donna Micali, prod mgr

Advertising Agency

Sirey—Schulkin, New York—Hellmann's/Best Foods Mayonnaise, Thomas' English Muffins, Knorr prods, Skippy peanut butter, Mazola Oil, Argo, Karo—William Schulkin, Charles Sirey, acct execs.

KNORR-SPECIAL PRODUCTS

Corporate Personnel

Nina Henderson, president

Marketing Personnel

Bruce D. Hillenbrand, mktg dir
Charles Lloyd, prod mgr

Advertising Agencies

Font & Vaamonde Associates, New York—Knorr bouillons—P. Font, president; K. Cole, acct super.

Warwick Advertising, New York—Knorr soups, sauces, bouillons, Rit dye—D. Kyle Felt, vp; B. Penrose, acct exec.

BEST FOODS CARIBBEAN

Corporate Personnel

Plinio Gonzalez, [illegible]dent
Jaime Pericas, [illegible]-genl mgr

Marketing Personnel

Louis Robles, vp-mktg
J.F. Tonarely, vp-sales

CORN PRODUCTS

Corporate Personnel

Fred C. Meendsen, president

Marketing Personnel

S.C. Scott, vp-sales
R.A. Burns, mgr-adv & sales promo

Advertising Agency

Gianettino & Meredith, Short Hills, N.J.—Marc Grassberg, acct exec.

RANK **83**

Delta Air Lines

Atlanta

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	5,320	4,460	19.3
Net income	264	47	453.2
U.S. advertising	105	100	5.0
Division sales	**1986**	**1985**	**% chg**
Passenger	4,921	4,132	19.1
Cargo	280	240	16.7
Other	116	88	31.8

Any doubt about Atlanta-based Delta Air Lines's course in the deregulated skies was erased in 1986 with the acquisition of Western Airlines, Los Angeles. The $860 million deal, announced in December 1986, made Delta the nation's fourth largest air carrier and strengthened Delta's presence in the western U.S.

The acquisition along with greater passenger counts helped rebuild Delta's fiscal returns, which had dipped dramatically in 1986. Sales and earnings, down 4.8% and 81.8%, respectively in fiscal 1986 from 1985, rebounded to $4.92 billion, up 19.1%, and $280 million, up from only $47 million in fiscal 1987 ended June 30. Western's influence showed up in Delta's fourth quarter, pushing profit to $58.8 million, up from $22.2 million, and revenues to $1.57 billion, up 41%.

By purchasing Los Angeles-based Western, the nation's ninth largest carrier, serving the western U.S. and Pacific, Delta forged a close fit with its strengths in the eastern U.S. and Atlantic routes. When the deal was completed on April 1, 1987, Delta incorporated all of Western's operations under the Delta name, and agency work under its agency, BDA/BBDO, Atlanta.

AD AGE's estimates Delta's total spending on advertising rose 5%. Delta's measured spending for the seven BAR/LNA media in 1986 increased to $28 million, up 6% over 1985. The largest share, $22 million, was for Delta's passenger service, 60% of that in spot TV and 20% in cable, according to BAR/LNA. Delta continues to rely on the "Delta gets you there" theme. Delta's big spending push came in national newspaper advertising (not one of the BAR/LNA measurements), up 30.4% to $22.3 million. Delta's figures also included $6 million in measured media for the merged Western in 1986, up 10%. Restating to exclude Western, Delta's seven-media total fell 17% on a year-to-year basis.

Delta also had $22.9 million in measured newspaper spending, monitored by Media Records, up 30% over 1985. Rising newspaper spending reflects greater use of discount fares, which industrywide are used by 92% of all air travelers. Discounting and promotion also shows up in measured spot radio, up 27% to $21.7 million in 1986.

The Delta-Western merger created a fleet of 360 aircraft serving 153 cities worldwide, projected to carry 52 million passengers and a billion pounds of cargo annually. Combined market share, based on enplanements at all U.S. airports through March 1987 is 13.46%, second only to Houston-based Texas Air.

Texas Air had combined market share of 21.25% for its Eastern and Continental Airlines divisions, the latter including People Express and New York Air, both of which were merged into Continental in 1986. Next largest is United Airlines, with 13.21% share, and American Airlines, with 11.56%, according to Salomon Bros., New York.

The merged operations provide the greatest benefits for Delta's expanding system in the western U.S. In addition to its base hub in Atlanta, where Delta has a 53% share, Delta has made dramatic improvements in Cincinnati, where its share grew from 47% at the close of 1986 to 68% on the merger. In Los Angeles, Western's primary hub, Delta's market share for the same period jumped to second place at 16% from fifth at 4%. Delta is challenged in Los Angeles by No. 1 United Airlines, with 18.5%. The most dramatic change was Salt Lake City, where Delta dominates with 74% share. Its pre-merger share was 2%.

In July 1987, Delta named R.W. Allen as chairman-ceo, Hollis L. Harris as president-chief operating officer, and Rex McClelland as senior vp-operations, all taking effect last month when David C. Garrett Jr. retired as chairman-ceo. Mr. Allen was Delta's president-chief operating officer; Mr. Harris, senior VP-operations; and Mr. McClelland, VP-passenger service.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	22,309	17,116
Magazines	1,228	992
Bus. pubs.	949	518
Network TV	3,754	6,142
Spot TV	16,882	17,900
Spot radio	21,708	19,903
Outdoor	1,779	2,296
Network cable	4,448	4,715
Total measured	73,056	69,581
Unmeasured	31,498	30,000
Total	104,554	99,581

DELTA AIR LINES
Hartsfield Intl Airport
Atlanta, Ga. 30320
(404) 765-2600

Marketing Personnel

W. Whitley Hawkins, sr vp-mktg
R.W. (Bob) Coggin, asst vp-mktg devel
Al H. Kolakowski, asst vp-sales
Marcey McCann, dir-reservation sales
Matt Guilfoyle, dir-field mktg

Harry Dunham, dir-mktg programs
Judy Jordan, dir-adv & sales promo
Fred Hopmeier, dir-intl mktg
John Such, dir-mktg automation

Advertising Agency

BDA/BBDO, Atlanta—Glenn Verrill, president-mgmt super; Jack Walz, exec vp-acct super; Al Boam, Gail Waldrop, vp-acct exec; Bill Cromartie, vp-broadcast prod.

Walt Disney Co.

RANK **38**

Burbank, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,471	2,015	22.6
Net income	247	174	42.5
U.S. advertising	219	140	56.5

Division sales	1986	1985	% chg
Theme parks	1,524	1,258	21.2
Film	512	320	59.9
Community devel.	305	315	(3.2)
Consumer prods	130	123	6.2

Walt Disney Co. continues to spend heavily on advertising as it totes its theme park concept to the outskirts of Paris and continues to build its motion picture production division.

In its third year under the management team led by former Paramount President Michael D. Eisner, Disney is in the process of building another record year—revenues and net income for both the third quarter and the nine months ending June 30, 1987 were the highest in the company's history.

In the third quarter of fiscal 1987 Disney reported earnings of $128.4 million, up 61%, and sales of $819.4 million, up 26%. In the nine month period, earnings were $309.4 million, up 86%, and revenues were $2.34 billion, up 34%.

Growth from theme parks, spurred by higher ticket prices and heavy advertising, was largely responsible for the strong year-to-year growth.

Theme parks and resorts—Disneyland in California, Walt Disney World and Epcot Center in Florida and Tokyo Disneyland—turned in record revenues during fiscal 1986. Disney's U.S. theme park attendance soared 8% in 1986—2% at Disneyland which celebrated its 30th anniversary in 1985, and almost 11% at Disney World, which began celebrating its 15th anniversary in October 1986.

Disney's high growth rate is the exception among theme parks, which in 1987 are not expected to grow (in attendance) more than 1%, according to the International Assn. of Amusement Parks and Attractions, Alexandria, Va.

Disney spent $26.4 million advertising U.S. theme parks in seven measured media in 1986, or 38% of its $68.9 million measured total, according to BAR/LNA. The theme park spending total was up 28% over 1985 levels reported by BAR/LNA. Disney World and Epcot Center accounted for $18.5 million of the 1986 total and Disneyland for $7.9 million. Most of the spending was in spot TV.

Disney will open a fourth theme park in France, 20 miles east of Paris, in 1991. A $300 million attraction-cum-film studio will open in 1988 adjacent to Disney World.

Persistent rumors that Epcot may be sold to a limited partnership with Disney retaining the leasehold and contracting for fees to run it remain "possibilities, but no more than that," says Erwin Okun, VP corporate communications. The deal is still in the conceptual stage.

A shopping and entertainment complex planned for a 40-acre site in Burbank is the project of Disney Development Co., which also is developing 28 acres at Walt Disney World and is reported to be considering a partnership with James Rouse's Enterprise Development Co. for a mixed-use entertainment center. "We've made no decision on a concept nor a decision on where to locate (such a center)," Mr. Okun says.

Disney's major real estate development division, Florida-based Arvida Disney Corp., acquired in a merger in 1984, was sold in 1987 to JMB Realty Corp., Chicago, for approximately $400 million. The company's decision to sell the residential, resort and business property development company was motivated by the desire to concentrate on entertainment and leisure divisions.

Filmed entertainment, the second largest of Disney's four major divisions, reported revenue and operating income growth of 60% and 53%, respectively. The division traces its good showing in part to Touchstone Picture's "Down and Out in Beverly Hills" (which has grossed more than $60 million so far) and "Ruthless People" (with $90 million-plus box office). Other highlights in the division included higher TV revenues generated from network programming and foreign syndication sales, higher home video cassette sales of Walt Disney and Touchstone products and an increase in the subscriber base and penetration of the Disney Channel.

Disney Productions, which in 1986 was in its second year of operation, was No. 1 in average box office gross for all titles and among industry leaders in overall box office results. It plans to release 15 films a year by 1988.

Measured advertising for Disney's filmed entertainment division in 1986 totaled $22.4 million, up 58.9%. The heaviest concentration of advertising was in newspapers, particularly for long-running successful films, and spot TV, which is heavily used to open films. There were four more films released in 1986 than the previous year, a fact that accounted largely for the ad boost.

Last summer, Disney premiered its 26th animated feature, "The Great Mouse Detective," which grossed $15.2 million. The reissues of "Sleeping Beauty" ($15.2 million in box office) and "The Lady and the Tramp" ($31.2 million) kept Disney's traditional fare on the screens.

The re-release in 1987 of the 50-year-old "Snow White and the Seven Dwarfs" grossed nearly $20 million in its first 10 days. Touchstone's 1987 films so far include "Outrageous Fortune" and "Tin Men."

At the company's video division, last year's stars were "Sleeping Beauty," with sales of almost 1 million units, and "Down and Out in Beverly Hills," No. 1 on *Billboard*'s video industry rental charts. During 1986, Disney created a two-tiered video marketing strategy involving rentals of popular adult movies and sales of the children's products ("Pinocchio" and "Sleeping Beauty") at lower prices and at more retail outlets—up to 60,000, including mass merchandisers, department, toy and convenience stores in addition to video specialty stores. The Christmas 1986 "Bring Disney Home for Good" marketing campaign broke industry records; the company shipped more than 4 million units.

Disney's Buena Vista TV, a New York subsidiary, entered the domestic TV syndication market with four new shows in 1986: "Disney Magic-I" and "Wonderful World of Disney" (both using existing film and TV products), "Siskel and Ebert at the Movies" and "Today's Business" (pulled in April 1987 because of slow advertiser response).

The company's return to network TV in 1985 with "The Golden Girls" on NBC netted Disney 15 Emmy nominations, plus a spot among the ten top-rated programs. Other offerings are the "Disney Sunday Movie" on ABC and "The Adventures of the Gummi Bears" on NBC. Disney's other Saturday morning entry, "The Wuzzles," airs on ABC.

In pay TV, the Disney studio entered into an agreement with Showtime/The Movie Channel Inc. in which the two services will have exclusive pay-TV rights to Touchstone's entire slate of theatrical features over the next five years.

The Disney Channel ended 1986 with 3.18 million subscribers on 4,300 systems, a significant boost from 2.55 million subscribers on 3,100 systems at the end of 1985. The channel's success stems in part from generating increased subscriptions among households without children and converting the prime time lineup to a structured weekly grid format promoting viewer loyalty. Beginning in December 1986 the channel also committed to a full 24-hour schedule.

Subject to FCC approval—"and we don't expect any complications," says Mr. Okun—Disney has purchased its first TV station, KHJ-TV in Los Angeles for $320 million. Seller was RKO General Inc., a New York subsidiary of Gencorp Inc., Akron, Ohio.

Operating income at Disney Consumer Products was up 29% on a 6% growth in sales, primarily because of strong demand for Disney apparel, toys and publications. The division controls some 1,600 licenses governing the manufacture of more than 8,000 products in 50 countries. Upgrading product quality was a major goal in 1986. Lorus, a subsidiary of Seiko, was licensed to manufacture watch products. Hasbro is producing standard character toys in three categories for the European market.

Of two new product programs, "Totally Minnie" received the big U.S. launch with music videos, a parade at Disneyland and a show at Walt Disney World. More than 100 licensees were involved in manufacturing items in connection with the "Snow White" re-release this year.

Disney comic books returned to the U.S. market in spring of 1986; by the end of the year, they accounted for sales of about 9 million copies. The 24-page, 200-item Walt Disney Family Gift Catalog reached 1.5 million customers in October, 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,835	2,240
Magazines	6,665	7,451
Newsp. supp.	98	720
Bus. pubs.	1,443	283
Network TV	10,515	2,713
Spot TV	42,684	28,213
Spot radio	2,537	1,626
Outdoor	184	166
Network cable	965	630
Total measured	68,925	44,040
Unmeasured	150,213	95,980
Total	219,138	140,020

WALT DISNEY CO.
500 S. Buena Vista St.
Burbank, Calif. 91521
(213) 845-5000

WALT DISNEY STUDIOS

Marketing Personnel

Jeffrey Katzenberg, chmn
Richard H. Frank, president
Bob Levin, sr vp-mktg
Ed Pine, vp-publicity & promo
Robert Jahn, vp-creative svcs

Advertising Agency

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment, Steve Rose, exec vp, Y&R Entertainment.

DISNEY CONSUMER PRODUCTS

Marketing Personnel

Barton K. Boyd, president
Stephen W. McBeth, vp-licensing
Paul S. Pressler, vp-licensing, N.Y.
Dennis Hightower, vp, Europe

Advertising Agency

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, exec vp, Y&R Entertainment.

WALT DISNEY ATTRACTIONS

Marketing Personnel

Richard A. Nunis, president
Jack Lindquist, exec vp
Tom Elrod, vp-mktg, Walt Disney World
Tom Garrison, dir-mktg admin, Walt Disney World
Mike McPhillips, mgr-adv, Walt Disney World
Bob McTyre, vp-mktg, Disneyland
Ron Kollen, mgr-adv, Disneyland

Advertising Agencies

(In-house) Vista Advertising, Orlando, Fla.—Jani Lopez-Mead, media dir.

Young & Rubicam, New York—Gordon Weaver, president, Y&R Entertainment; Steve Rose, Y&R Entertainment.

Dow Chemical Co.

RANK **70**

Midland, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,113	10,500	5.8
Net income	732	58	1,162.1

U.S.	1986	1985	% chg
Sales	5,165	5,153	0.2
Operating profits	601	(105)	(672.4)
Advertising	120	105	13.8

Division sales	1986	1985	% chg
Basic chemicals	3,903	4,224	(8.0)
Basic plastics	1,621	1,506	8.0
Industr. specialties	3,339	2,816	19.0
Specialties	2,250	1,954	15.0

Dow Chemical Co. has seen the future, and it is plastics—in its more advanced chemicals as well as its growing consumer and pharmaceutical businesses.

Dollars tell the plastics story at Dow, the second biggest U.S. chemical producer exceeded in size only by E.I. du Pont de Nemours.

"Plastics derived from petroleum were not practical when oil was $25 a barrel, but there was a resurgence when prices dropped to the $19 to $20 range. Also, engineered plastics selling for $10 to $12 a pound are the trend rather than common 59 cents-a-pound plastic. It's the more developed type that Dow is pursuing," says James Wilbur, investment analyst at Smith Barney, New York, who notes Dow is now moving into polycarbonates which are used, for example, in compact discs and automotive structures.

This past year marked the first full year Dow has benefited from the restructuring begun nine years ago. The goal was to transform Dow from a Goliath rolling out 85% of its output in basic commodity chemicals and plastics to a more varied producer of basics and specialty products. In 1986, Dow reached that goal, splitting sales 50/50 for basics and specialties. Dow's 1986 was solid for total sales, up 6% over 1985. Neither year includes feedstock resales, a new reporting policy.

For 1987, Dow's performance has been setting records. Its first-quarter 1987 results were the highest yet for a Dow first quarter; its second quarter, ended June 30, 1987, was the best of any three-month period in Dow history.

Dow Corporate Advertising Manager Richard F. Dalton reports 1986 total Dow ad spending at $304 million worldwide, up 18.8% from 1985. Included in that figure are Dow's media advertising, totaling $83 million, advanced 27.6% from the previous year; sales promotion at $215 million, 16% ahead of 1985, and public relations, $6 million both years.

ADVERTISING AGE figures from media counts and estimates show a total of $119.5 million for 1986 Dow Chemical advertising in the U.S., up 13.7%.

Mr. Dalton says the company, is emphasizing value-added products, as a basic strategy. Dow's goal in its ad-spending approach now is focused spending, which is finding the most promising, higher volume markets and concentrating ad dollars in those areas.

In 1986, Dow ad expenditures rose 202% to $21.1 million for its new pharmaceutical segment, including both prescription and over-the-counter drugs. A big share of that (3.6 million) was the new orange flavored methylcellulose bulk laxative, Citrucel, prime competitor of Procter & Gamble's Metamucil (formerly G.D. Searle).

Cepacol received $3.6 million, up 167%. Cepastat lozenges got $987,800, up 40%. Novahistine cough remedy pulled $493,700, up 6%.

In the household products area, measured media expenditures for the wrap products, including Ziploc bags, Saran Wrap and Handi Wrap, increased 13% for 1986, climbing to $27 million. Saran Wrap spending climbed 66%, to $3.8 million; the big Ziploc budget increased 7%, advancing to $19.1 million, and Handi-Wrap was up 11%, to $4.1 million.

At the same time, the household cleaners, brought to Dow with the 1985 Texize acquisition from Morton Thiokol, were down 20% in ad backing, falling to $27.6 million. A big ad loser was Spray 'n Wash laundry stain remover which dropped 58.3% to $2.6 million in 1986. The biggest single-product backing in this category was from Vivid, a color-safe laundry bleach, which got $6.8 million, down 6.3%. Fantastik all-purpose household cleaner was off 19%, falling to $4.1 million. One gainer was Dow Bathroom Cleaner which rose 4% to $3.1 million.

Network TV was the medium most favored by Dow in 1986, taking 61% of the total 11-media budget, the same as in 1985. Spot TV claimed 11.8%, down from 13.5% in 1985. Dow Chemical's corporate image campaign, "Dow lets you do great things," drew $12.1 million, nearly double the $6.2 million spent in 1985, the first year of the campaign. The series aims to show how Dow contributes to the lives of people going into medical or agricultural careers. Some critics have faulted the spots as being too saccharine.

The leading division in Dow's Consumer Specialties division was pharmaceuticals, reporting $934 million in sales, up 32%. Pharmaceuticals were split into two groups during 1986—Merrell Dow Pharmaceutical U.S., which markets many prescription drugs, and Lakeside Pharmaceuticals, the non-prescription unit that handles some over-the-counter products. Both handle the smoking cessation chewing gum, Nicorette, and allergy preparations such as Teldane, Triludan and the non-sedating Seldane antihistamines.

Analysts believe Dow needs to improve its channels of pharmaceutical distribution, which is a major reason it bid for A.H. Robins in 1986. Its offer was rejected. "Dow also needs more products represented by A.H. Robins. Dow does not have enough products for a vigorous over-the-counter program," says analyst, Mr. Wilbur.

The product getting the most press at Dow is the resealable inner plastic bag now keeping the crunch in General Foods' Post brand cereals. Trademarked ZIP-PAK, it is a milky-colored polyethylene Ziploc bag that Post rolled out nationally in July 1987 in its Post Natural Bran Flakes. Post Natural Raisin Bran is moving to ZIP-PAK this September, with Post Fruit 'n Fibre to follow.

With 60% of the reclosable plastic bag market, Dow has an established franchise in food bags. First Brands' Glad-Lock (Union Carbide) has 23%, and other marketers claim the 17% balance. Ziploc also is No. 1 in plastic sandwich bags. But in the whole plastic food storage market, lockable and twist-tie, Ziploc is second, with a 20% share. Mobil Baggies are No. 1 at 35% and Glad is third at 18%.

The Industrial Specialties Group developed Drytech, an aqueous fluid absorbent used in disposable diaper fill; CHIPLOC bags, which are electrostatic shielding and dissipative transparent Ziploc-style bags for packaging semiconductor devices and assemblies; and Pelastan Mold-a-Pak, packing material.

Plastics Group Services division has offered two new plastic materials: Magnum, with applications in automotives, electronics and housewares; and Pulse, a rugged blend for automotive production. Also from Plastics Group is Aspun, a felted non-woven fiber plastic fabric used in making such products as disposable diapers, surgical gowns and masks, shoes and feminine hygiene products. It is the first use of polyethylene resin—the same base material as Ziploc—to make a non-woven fabric.

A major change in Dow Chemical Co. leadership will come this November when Paul F. Oreffice, turns over the ceo position to Frank P. Popoff who succeeded Mr. Oreffice as president earlier this year and carries the dual responsibility of president/chief operating officer. Mr. Oreffice remains as chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	47	670
Magazines	12,566	10,775
Newsp. supp	6	139
Bus. pubs	4,314	3,501
Farm pubs	1,388	1,844
Network TV	55,350	48,616
Spot TV	10,609	10,716
Network radio	4,621	1,677
Spot radio	523	364
Outdoor	56	70
Network cable	756	941
Total measured	90,236	79,312
Unmeasured	29,272	25,728
Total	119,508	105,040

THE DOW CHEMICAL COMPANY
2030 Willard H. Dow Center
Midland, Mich 48674
(517) 636-1000

Corporate Personnel

Paul F. Oreffice chmn-ceo
Frank R. Popoff, president-coo

DOW CHEMICAL USA

Corporate Personnel

Keith R. McKennon, president
William S. Stavropoulos, commercial vp-Basics
Enrique J. Sosa, commercial vp-Industrial Specialties & Services
Thomas K. Smith, vp-govt & public affairs
Gordon E. Butte, mgr-comm & mktg comm
Richard K. Long, mgr-corp comm
Richard F. Dalton, mgr-corp adv

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—corp program—H.J. Hogan, sr vp-mgmt super; W.A. Gaer, vp-acct super.

AGRICULTURAL PRODUCTS

Marketing Personnel

Robert C. Spears, mgr, mktg resources
Jan R. Larson, mgr, mktg comm

Advertising Agencies

Bader Rutter, Milwaukee—Miller Hogan, acct seper

Creswell, Munsell, Fultz & Zirbel, Cedar Rapids, Iowa—F.C. Baker, vp acct super.

Vitt Media, New York—F. Richard Olsen, vice chmn

BASIC CHEMICALS & METALS

Marketing Personnel

John W. Tysse, dir-mktg

Advertising Agencies

Gibbs & Soell, New York—promo support—Chuck Bins, acct super.

Sefton Associates, Grand Rapids, Mich.—Gary Petertyl, sr vp-Midland, Mich.; Greta Bolge, acct exec.

CONSUMER PRODUCTS INC.
Food Care Products Division
Indianapolis

Marketing Personnel

Robert Larson, vp-mktg

Advertising Agency

Della Femina, Travisano & Partners, New York—Tom Furlong, vp-assoc dir, group dir; Rich Lefkowitz, mgmt super; Marilyn Lifton, media planning dir-acct svcs; Mike Zeller, sr vp-acct dir; Richard Stoffer, vp-mgmt super, laundry prods; Beverly Grant, vp-mgmt super, household cleaners; Tom Dunn, Erica Kieffer, acct supers; Shelly Dezen, acct exec.

CLEANING PRODUCTS DIVISION
Greenville, S.C.

Marketing Personnel

Jim Bernhardt, vp-mktg

Advertising Agency

Henderson Advertising, Greenville, S.C.—Jim Bradhorst, president, acct super.

INDUSTRIAL SPECIALTIES AND SERVICE

Marketing Personnel

Timothy W. Noonan, mgr-mktg comm

Advertising Agencies

Alexander Marketing Services, Grand Rapids, Mich.—Robert Milroy, exec vp-acct group super; Richard Hill, vp acct super; Christopher Beaudoin, acct exec.

Anderson & Lembke, Stamford, Conn.—epoxy resin coatings—Hans Ullmark, exec vp; Halina Mathiesen, acct exec.

Craig, Lamm, Hensley & Alderman, Houston—gas specialty business—Rob Godwin, exec vp.

Jayme Organization, Cleveland—Lawrence Kavanaugh, exec vp; Mike Romans, vp-acct mgr.

Misamore Advertising, Grand Rapids, Mich.—Robert Cook, vp.

Sefton Associates, Grand Rapids, Mich.—Gary Petertyl, sr vp.

MERRELL DOW PHARMACEUTICALS U.S.
Cincinnati

Marketing Personnel

Vaughn Kalian, vp-mktg
Kirk R. Schueler, dir-prod planning & promo

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Healthcare, New York—Targocid—Joyce Knapp, vp.

Medicus Consumer Communications, New York—allergy & smoking cessation adv—Joe Davis, exec vp, mng dir.

Medicus Intercon, New York—Jennifer Greenblatt, acct super; Diana Murphy, acct exec.

(In-house) Merrell Dow, Cincinnati—Lorelco, Norpramin, Chronulac.

LAKESIDE PHARMACEUTICALS
Cincinnati

Marketing Personnel

Herbert Lund, dir-prod mgmt

Advertising Agencies

(In-house) Lakeside, Cincinnati—Bentyl, Novahistine, Singlet, Tenuate, Tussend.

Rubin, Reed, Noto & Ehrenthal, New York—Cepacol Gold, Cepacol Mint, Citrucell—Herb Ehrenthal, acct super.

PLASTICS GROUP SERVICES

Marketing Personnel

Michael G. Caparon, mgr, mktg comm, plastics group
Ed Gambrel, mktg dir, engineering thermoplastics
Richard J. Proskow, prod comm mgr, engineering thermoplastics
Wanda J. Herndon, prod comm mgr, specialty plastics
Lee Schobe, genl mgr, olefin & styrene plastics

Advertising Agency

HDM Special Markets Group, Chicago—John Roberts, sr vp-acct dir; Marcia Waite, Daniel Leski, acct supers.

E.I. du Pont de Nemours & Co.

RANK **77**

Wilmington, Del

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	27,148	29,483	(7.9)
Net income	1,538	1,118	37.6
U.S.	**1986**	**1985**	**% chg**
Sales	18,758	20,301	(7.6)
After-tax op. inc.	1,147	1,026	11.8
Advertising	113	112	0.4
Division sales	**1986**	**1985**	**% chg**
Biomedical prods	1,150	1,016	13.2
Ind. cons. prods	2,839	2,780	2.1
Fibers	4,786	4,483	6.8
Polymer products	3,657	3,379	8.2
Agri. ind. chem	3,396	3,388	0.2
Petro. exploration	1,926	3,459	(44.3)
Petro. refining	7,893	9,461	(16.6)
Coal	1,501	1,517	(1.1)

Seeking growth through acquisition, corporate streamlining, new product introduction and joint ventures, E. I. du Pont de Nemours & Co., the giant chemical and energy company, kept its ad budget in check, holding estimated expenditures to $113 million, virtually even with 1985.

The company reorganized its businesses serving the medical products, electronics and imaging markets—areas where Du Pont sees high growth potential. Products serving the automotive market were consolidated into the company's Corporate Automotive Development Center near Detroit.

The company's advertising activities also came under review. Du Pont completed a reassessment of its agency relationships, shifting some business to small, regional shops from its established agencies.

Benefiting from the shift (which has largely been at the expense of N W Ayer) have been Ketchum Advertising, Philadelphia, which picked up new electronics assignments and several other projects; Young & Rubicam, which won a $500,000 industrial fiber assignment, and Ackerman, Hood & McQueen, Oklahoma City, winner of a $2 million assignment for fishing-line products. A Wilmington, Del., shop, Reese, Tomases & Ellick, handles special projects for Du Pont.

Du Pont funneled $12.7 million, its largest expenditure for a product line, into general promotion for carpet fibers, a category that did not exist in 1985. This is the reason Du Pont's measured media expenditures charted by BAR/LNA rose to $61.2 million in 1986, 9.1% over 1985.

In the BAR/LNA breakdown of brand spending in seven media measured by the media service, Du Pont fibers—Antron, Dacron, Lycra, nylon, Orlon—pulled expenditures of more than $2 million each, virtually all in magazines.

Antron fibers, used in products ranging from carpets and chairs to swimwear, drew $4.4 million, down 38% from 1985. Dacron fibers, advertised largely as the material used in clothing, much of it designer-oriented (Bill Blass, Givenchy), received $2.4 million, up 10%.

Lycra attracted $4.8 million, up 50%, to advertise its use in apparel ranging from clothing designed by Geoffrey Beene and Givenchy to items bearing such brand names as Maidenform, Levis and No Nonsense.

Nylon, used mainly by leading brand manufacturers of undergarments, got $3.3 million, down 10.8%.

Aside from fiber advertising, Du Pont continued strong support for Teflon stain repellent, $5.4 million, up 17.4%. Spending, however, declined 44.9% to $3.8 million, both for Silverstone coating and for the Du Pont Silverstone tagline appearing on Regal and Sunbeam cookware.

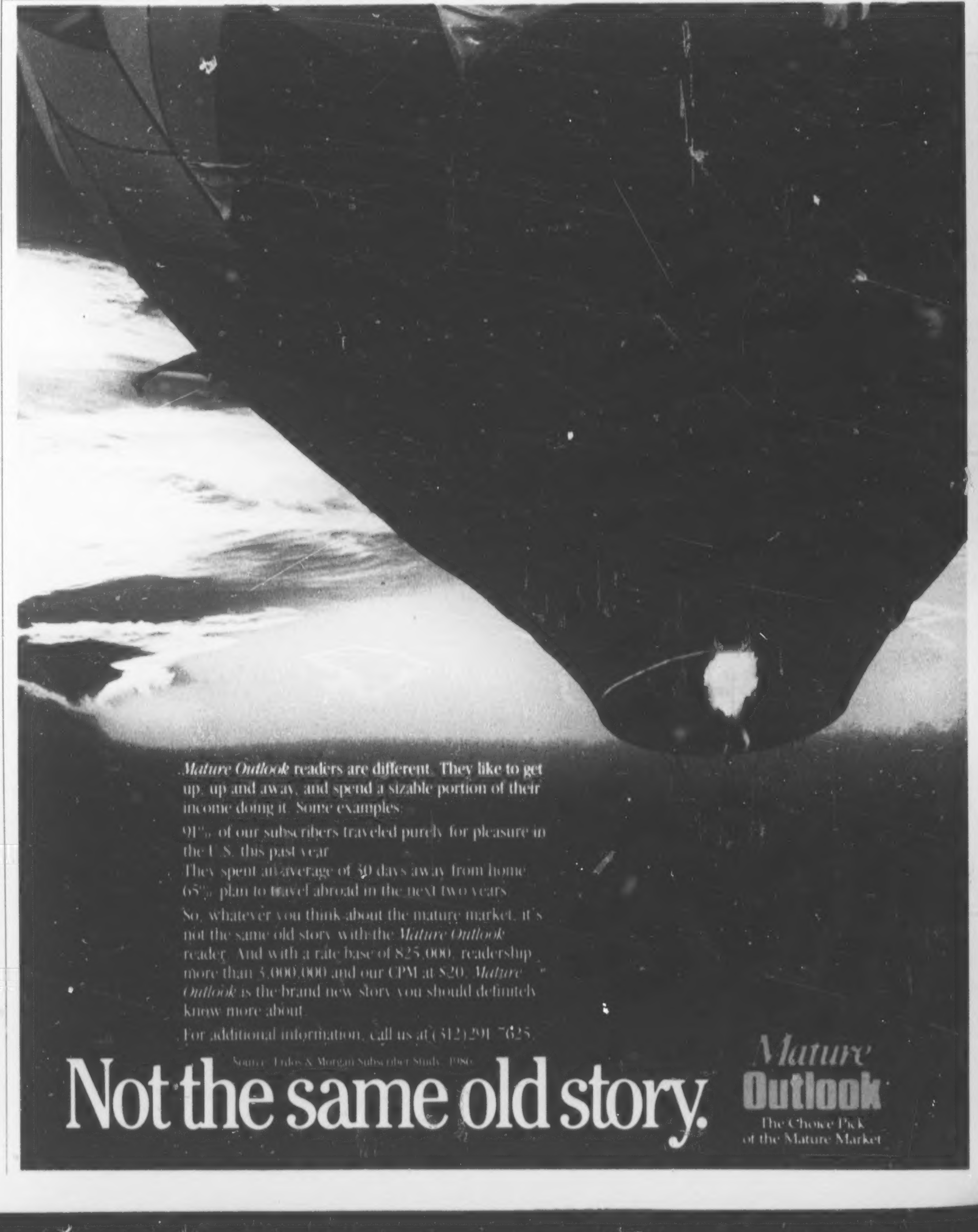
Although overall sales declined, Du Pont was able to increase its earnings by 37.6% to $1.54 billion. Sales, primarily affected by lower oil prices and the loss in the value of the dollar, declined 7.9% to $27.15 billion. U.S. operations account for 69% of total worldwide sales.

During 1986, Du Pont completed six major acquisitions for a total purchase price of $1.18 billion, the largest being $425 million paid for the American Critical Care unit of Baxter Travenol Laboratories Inc. The acquisition moves Du Pont into the top 15 pharmaceutical companies in hospital sales.

In a move toward more consumer-focused and industry-aligned marketing, Du Pont's $1.2 billion healthcare business was consolidated by merging medical X-ray products with other medical diagnostic, research and therapeutic businesses.

Renamed Du Pont Critical Care, the new unit strengthens the company's position in the hospital market with its line of acute-care products. Brevibloc, a beta blocker developed by Critical Care, was approved by the Food & Drug Administration for marketing. The drug is expected to find use to moderate abnormal heart activity in critical care situations.

The division's chemistry analyzer products include Analyst, for use in physicians' offices and small clinics, and Dimension, for use in high-volume testing. Du Pont also produces a line of research and blood screening products associated with AIDS testing.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Source: Erdos & Morgan Subscriber Study, 1986.

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In other acquisitions, Inland Steel Coal Co. was purchased for $106 million; Sierra Coal Co., a subsidiary of Utah International Inc., was acquired for $49 million; Tau Laboratories Inc., a manufacturer of photomask products used in the production of printed circuits, was acquired through a $43 million stock swap of Du Pont common shares.

The company also acquired the U.S. crop-protection assets of Shell Agricultural Chemical Co. and the assets of Ford Motor Co.'s North American automotive paint operations.

In May 1987 the company sold its high-density polyethylene business to Cain Chemical Inc., a Houston-based subsidiary of the Sterling Group, for about $517 million. High-density polyethylene primarily is used to make coatings for wires and cables.

Its acquisition of Ford Motor Co.'s North American automotive paint operations enabled the company to sell automotive subassemblies to General Motors. From the polymers division, a new thermoplastic, Arylon, was introduced for use in automotive body parts and other industrial and consumer products.

Specialty aramid fibers such as Kevlar and Nomex, as well as Tyvek spunbond olefin, benefited from new end-use applications. Kevlar is now used as a replacement for asbestos in automotive brakes, clutches, gaskets and sealants. Tyvek, commonly used for overnight courier envelopes, is now used for air infiltration barriers to improve home insulation.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	394	973
Magazines	31,613	32,061
Newsp. supp.	2,101	3,238
Bus pubs	9,724	11,179
Farm pubs	3,832	6,236
Network TV	21,172	16,892
Spot TV	5,513	3,307
Spot radio	1,572	1,895
Outdoor	9	9
Network cable	811	616
Total measured	76,741	76,406
Unmeasured	35,935	35,778
Total	112,675	112,184

E.I. du PONT DE NEMOURS & CO.
1107 Market St.
Wilmington, Del. 19898
(302) 774-2424

Corporate Personnel

J.R. Malloy, sr vp-external affairs
R.E. Williams, mng dir, external affairs
C.L. Perry, mng dir, external affairs
H.E. Davis, comm dir-auto prod, polymer prod, chemicals, pigments, petrochemicals
J.M. Murray II, comm dir-biomedical prod, photosystems, electronic prods
R.W. Nightingale Jr., comm dir-textile fibers, intl
L.C. Tashjian Jr., comm dir-agricultural products, fabricated prods, corp adv

Advertising Agencies

N W Ayer, New York—fabricated prods, photosystems & chemicals—George H. Eversman, exec acct dir.

Barnum Communications, New York—pharmaceutical prods, diagnostic & bioresearch, medical X-ray prod—Ella Shapiro, vp-acct super.

BBDO, New York—textile fibers' apparel, carpet fibers, home furnishings, fiberfill prods, corp ad programs—Margaret Evans, vp-mgmt super; Joseph Crowley, sr vp-mgmt super.

Ketchum Communications, Philadelphia—electrical prods, connector systems & electronic specialties, biomedical prods—Scott Franks, sr vp.

Reese, Tomases & Ellick, Wilmington, Del.—staff depts, special projects, Hotel du Pont, employee relations—Alan B. Poland, sr vp.

Rumrill-Hoyt, Rochester, N.Y.—agricultural products, Remington arms, chemicals & pigments, petrochemicals, fabrics & finishes—Keith Kuehn, vp-group mgmt; Gale Johnson, vp-pr dir; Nick Orloff, sr vp-creative dir.

Eastman Kodak Co.

RANK **34**

Rochester, N.Y.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	11,550	10,630	8.7
Net income	374	332	12.7
U.S.	**1986**	**1985**	**% chg**
Sales	8,959	8,717	2.8
Operating profits	350	364	(3.8)
Advertising	256	247	3.4
Division sales	**1986**	**1985**	**% chg**
Imaging	9,408	8,531	10.3
Chemicals	2,378	2,348	1.3

Eastman Kodak Co. closed 1986 with flat domestic photo sales and higher advertising and selling costs, factors related largely to its forced withdrawal from the instant camera business and heavy expenditures related to launching its new line of battery products.

Despite these developments, massive workforce reductions, inventory writedowns and sizable writeoffs, Kodak closed 1986 with growth in earnings of 12.7% and sales of 8.6%. Gains were attributed to strong international sales related to the weakness of the dollar and introduction of some 60 new products.

Product diversification included Kodak's return to 35mm photography after a 15-year absence. The company introduced two VR 35 cameras in January, then added two more less-expensive models in June. The first introductions came just weeks after Kodak had lost a patent infringement case to Polaroid; the ruling barred Kodak from manufacturing and selling instant photographic equipment. A financial settlement of that case still is pending.

The 35mm cameras were supported by part of the company's $20 million U.S. camera advertising through Young & Rubicam, which took the business from J. Walter Thompson USA. JWT kept the $30 million film, paper and photofinishing accounts and benefited from Kodak's February decision to drop McCann-Erickson Worldwide by taking over the company's Far East accounts.

In late May, Kodak got into the highly charged battery market as it introduced the Ultralife line, the first mass consumer 9-volt lithium battery, and a new line of alkaline batteries, Supralife. Supralife is manufactured by Japan's Matsushita Battery Industrial Co. Kodak is selling its Ultralife at a 70% premium above alkaline batteries because of its extended life, reportedly 10 years compared to the normal two-to-three years.

The roughly $20 million JWT ad campaign supporting the gold-topped Kodak battery line generated a lot of sparks through its comparisons with rival Duracell's copper-topped line. JWT's "Why go for the copper when you can go for the gold?" tagline ran into Ogilvy & Mather's response for Duracell (Kraft Inc.): "Duracell batteries last up to 20% longer than Kodak Supralife. Nice try, guys."

Still, by January of this year, Kodak's batteries had taken 5% of the $2.5 billion U.S. market, some of it at Duracell's expense. Duracell and Eveready (Ralston Purina) each hold a 45% share of the market, which is expected to grow at about 10% a year.

On the film and photofinishing fronts, where it had been losing ground to chief competitor Fuji, Kodak introduced its VR-G films, which it claims offer better color saturation. Still, many observers saw the move as merely an attempt to play catch-up to Fuji, which had beaten it to introduction of a 400-speed, and later a 1600-speed, color-print film. The faster the speed of the film, the less light is needed to shoot pictures.

Although Kodak developed a comparable 400-speed film last year, because of production problems it has announced it would begin deliveries some time this fall, according to Eugene Glazer, technology analyst for Dean Witter Reynolds Inc. Kodak hasn't yet developed a competitor for the 1600-speed film.

Where it virtually controlled the color film market 15 years before, Kodak's share has fallen to 82% now. However, that share is in a rapidly growing market, particularly on the amateur side, and there are more players.

While it had put Kodak on the defensive for film development, Fuji also had been making inroads into the photofinishing market. But the tide has begun to change. Kodak won away the photofinishing work for ColorCraft Inc. from Fuji, representing some $150 million in annual sales, according to an E.F. Hutton estimate. The company also won a similar contract with Guardian, another major photo finisher, Mr. Glazer says.

Kodak also shut out possible competition when in 1986 it bought Texas-based Fox Photo Inc. for about $95.5 million. Fox, which industry experts say is the largest consumer of Kodak color photographic paper, operates 20 photo labs and 240 minilabs in 23 states. Hutton says the acquisition adds about $200 million in sales to Kodak. However, analysts say they expect Kodak to spin off Fox's retail business, which operates on a lower profit margin.

Kodak seems to be de-emphasizing 8mm film without saying so. "Kodak seems to be putting no major effort behind 8mm," says Mr. Glazer. In fact, Kodak has not mounted a national ad campaign to support the format that both it and Sony had been pushing. Kodak is aiming more at the commercial and industrial ends of electronic imaging rather than the consumer market, believes Mr. Glazer, saying "they're finding out what most of us knew—it's not as profitable . . . as they had hoped."

On the other hand, he suspects that Sony will continue its efforts on behalf of the small format and could develop products such as a personal VCR, much like its Walkman stereo and its Watchman personal TV. Additionally, other major video companies are pegging their hopes on two new VHS formats—VHS-C, a shorter piece of the same size tape that can play in a VHS format videotape recorder by means of an adapter, and the yet-to-be-introduced Super VHS-C, which will produce ultra-high quality but will require new equipment to operate.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,265	3,635
Magazines	16,251	14,797
Newsp. supp.	336	692
Bus pubs	5,406	6,043
Farm pubs	0	202
Network TV	50,604	44,303
Spot TV	4,161	7,895
Network radio	757	806
Spot radio	624	1,321
Outdoor	1,042	630
Network cable	2,318	1,692
Total measured	84,764	82,016
Unmeasured	170,822	165,284
Total	255,586	247,300

EASTMAN KODAK CO.
343 State St.
Rochester, N.Y. 14650
(716) 724-4000

Corporate Personnel

Colby H. Chandler, chmn-ceo
Kay R. Whitmore, president-exec officer
J. Phillip Samper, vice chmn-exec officer

MANUFACTURING

Corporate Personnel

William F. Fowble, sr vp-genl mgr, worldwide mfg
Frank D. Zaffino, vp-genl mgr, Kodak Apparatus div
Ronald L. Heidke, vp-genl mgr, Rochester Sensitized Components Mfg
Vernon A. Dyke, vp-genl mgr, Sensitized Components Mfg
R. Frederick Porter, vp-genl mgr, Mfg Resources div

COMMERCIAL AND INFORMATION SYSTEMS

Corporate Personnel

Lawrence J. Matteson, group vp-genl mgr
Edgar J. Greco, vp-genl mgr, business imaging systems div
Charles L. Trowbridge, vp-genl mgr, copy prods div
Gary H. Conners, vp-genl mgr, federal systems div
C. Harold Gaffin, vp-genl mgr, graphics imaging systems div

DIVERSIFIED TECHNOLOGIES

Corporate Personnel

Frank P. Strong Jr., group vp-genl mgr
Robert T. Hamilton, vp-genl mgr, health sciences div
John R. Zeman, vp-genl mgr, mktg, clinical prods div
Peter Giles, vp, genl mgr, mass memory div

PHOTOGRAPHIC PRODUCTS

Corporate Personnel

Wilbur Prezzano, group vp-genl mgr
Peter Palermo, vp-genl mgr, consumer prods div
William P. McCarrick, vp-genl mgr, Kodak Processing Labs
William A. Koch, vp-genl mgr, motion picture & av prods div
Robert L. Smith, vp-genl mgr, photofinishing systems div
Raymond H. DeMoulin, vp-genl mgr, professional photography div
Robert C. Sharp, vp-genl mgr, U.S. sales div
James E. Moxley, president, Ultra Technologies
K. Bradley Paxton, vp-genl mgr, electronic photography div

CUSTOMER & MARKETING SUPPORT OPERATIONS

Corporate Personnel

Cornelius Murphy, sr vp-genl mgr
Edward V. Ince, vp-genl mgr, customer equipment svcs
Robert H. Graulich, vp-genl mgr, distribution

COMMUNICATIONS AND PUBLIC AFFAIRS

Corporate Personnel

David J. Metz, vp-dir

Marketing Personnel

Richard S. Bartlett, vp-dir, mktg comm

Advertising Agencies

Rumrill-Hoyt, Rochester, N.Y.—print trade, audiovisuals, some business, scientific & industrial—Richard Thomson, president-ceo; Donald Weber, dir-client svcs; D. Fisher, br vp-group mgr; Vicki Lewis, assoc group mgr, Kodak ex-

Exactly how much is the competition spending in the Wall St. Journal?

Turn to LNA for answers.
See page 143

WHY BE A LITTLE FISH IN A BIG POND?

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WPBN-TV/WTOM-TV, NBC, Traverse City/Cadillac/Cheboygan, MI
WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power. May 1987, Arbitron
© 1987 Beam Communications

YUMA, ARIZONA
EL CENTRO, CALIFORNIA

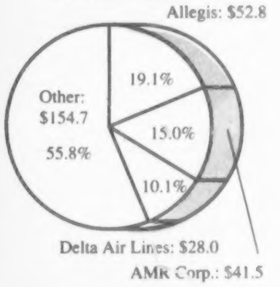
Represented by Katz Continental Television

KYEL-TV NBC
YUMA, ARIZONA-EL CENTRO, CALIFORNIA

Top three advertisers by category

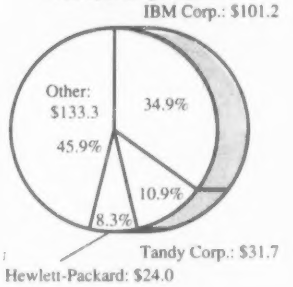
Airline travel

Total spending: $268.0



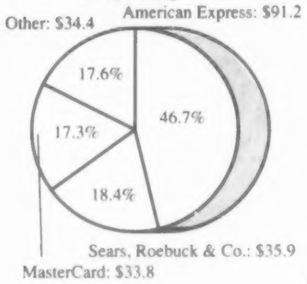
Computers & components

Total spending: $290.2



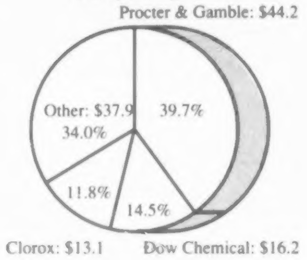
Credit cards

Total spending: $195.3



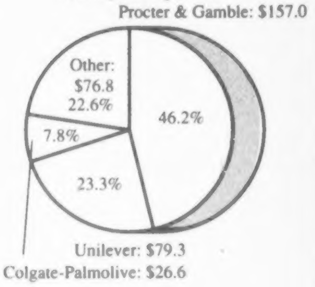
Household cleaners

Total spending: $111.4



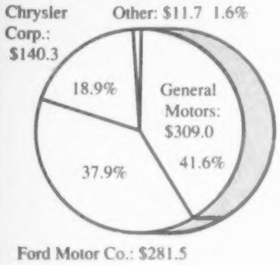
Laundry detergents

Total spending: $339.7



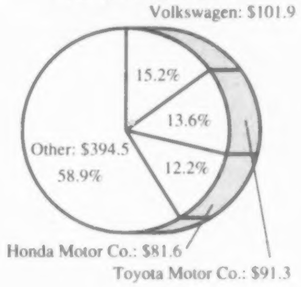
Domestic passenger cars

Total spending: $742.5



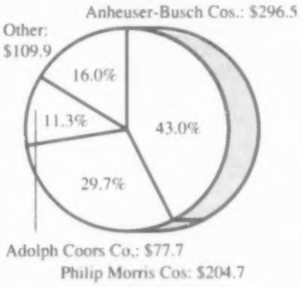
Imported passenger cars

Total spending: $669.3



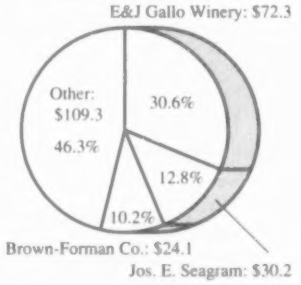
Beer

Total spending: $688.8



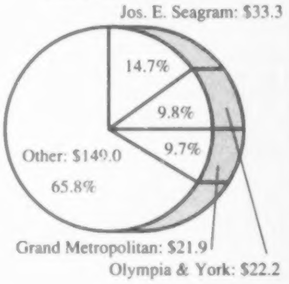
Wine

Total spending: $235.9



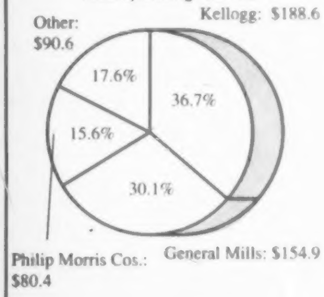
Liquor

Total spending: $226.4



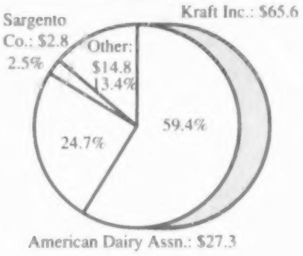
Cereal

Total spending: $514.5



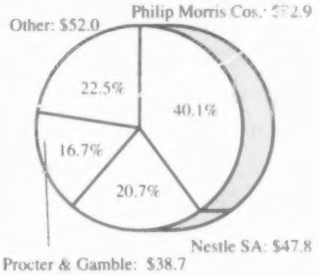
Cheese

Total spending: $110.5



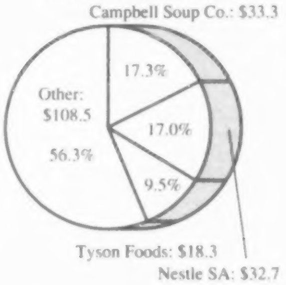
Coffee, tea, cocoa & derivatives

Total spending: $231.4



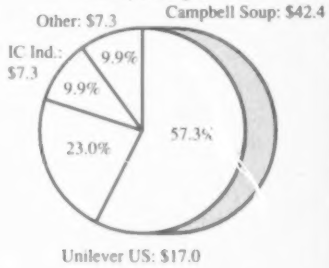
Prepared dinners, chili & stew

Total spending: $192.8



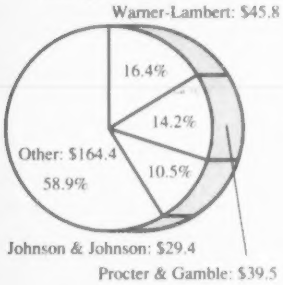
Soup

Total spending: $74.0



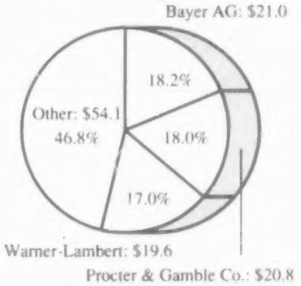
Cough, cold & sinus remedies

Total spending: $279.1



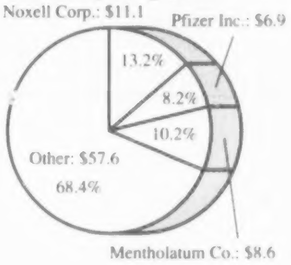
Digestive aids & antacids

Total spending: $115.5



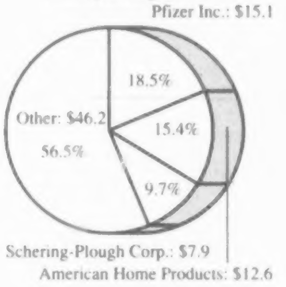
Medicated skin products

Total spending: $84.2



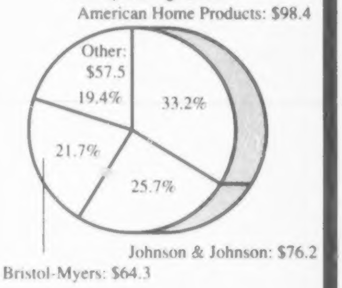
Miscellaneous medication

Total spending: $81.8



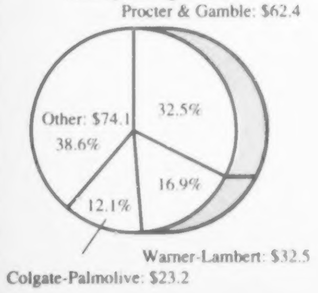
Pain relievers, & sedatives

Total spending: $296.4



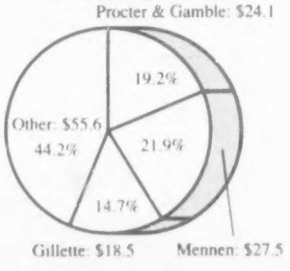
Dental supplies & mouthwash

Total spending: $192.2



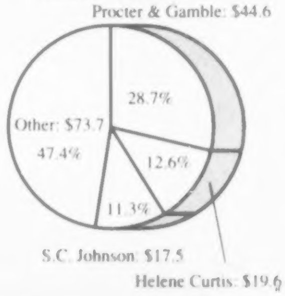
Deodorants & antiperspirants

Total spending: $125.7



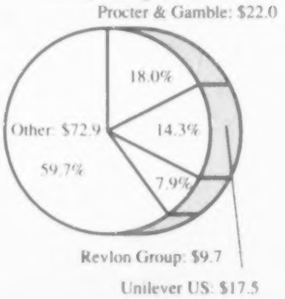
Shampoo, rinse & conditioner

Total spending: $155.4



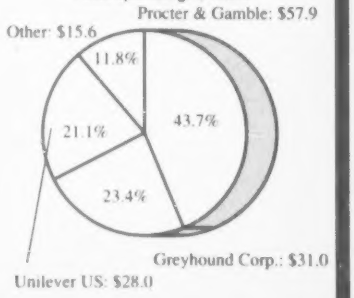
Skin care creams, lotions & oils

Total spending: $122.1



Toilet soaps

Total spending: $132.5

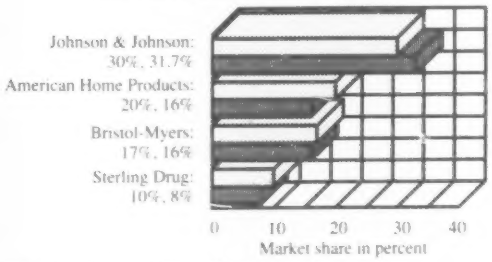


Source: BAR/LNA reports. Note: Dollars are in millions. Ad spending in these graphs includes the following measured media only: newspapers supplements, magazine, network TV, spot tv, network radio, outdoor and cable networks.

Selected market share leaders

Top four analgesic marketers

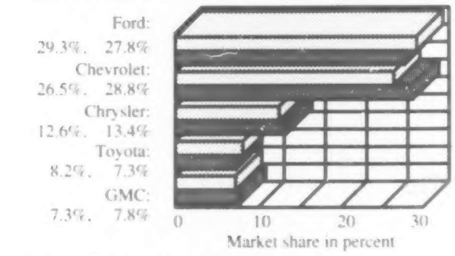
Total 1986 market: $1.6 billion, up 33%



Source: Oleh S. Denysyk, Kline & Co.

Top five U.S. light-duty truck marketers by nameplates

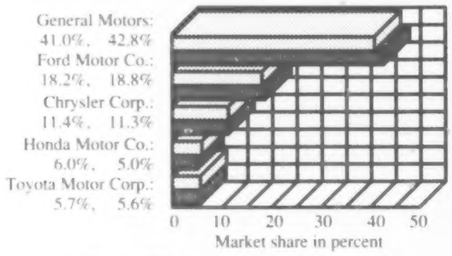
Total 1986 market: 4,714,337 unit sales, up 4.4%



Source: Automotive News 1987 Market Data Book

Top five U.S. auto marketers

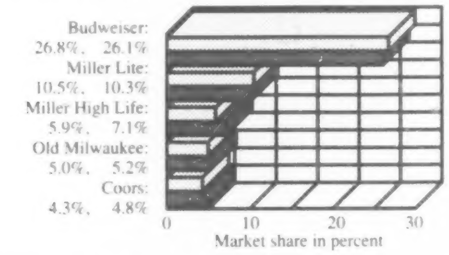
Total 1986 market: 11,460,537 unit sales, up 3.8%



Source: Automotive News 1987 Market Data Book

Top five beer brands

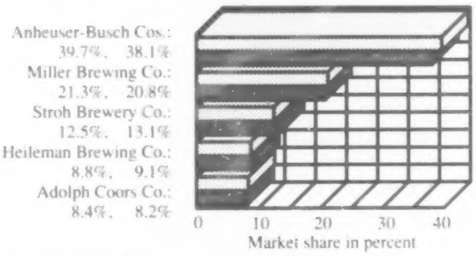
Total 1986 market: 181.9 million Bbls., up 1.8%



Source: Montgomery Securities

Top five beer marketers

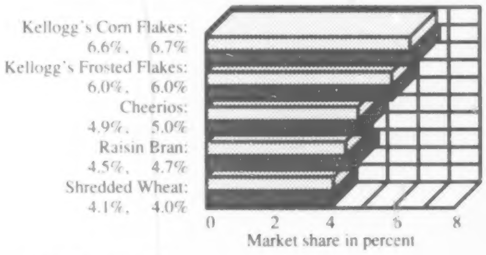
Total 1986 market: 181.9 million Bbls., up 1.8%



Source: Montgomery Securities

Top five brands of cold cereal

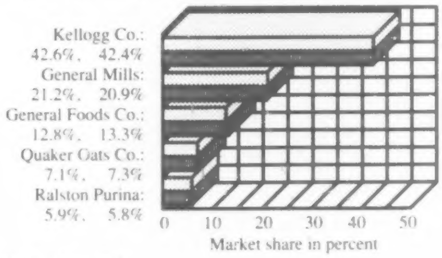
Total 1986 market: 2.26 billion pounds, up 4%



Source: John C. Maxwell Jr.

Top five cold cereal marketers

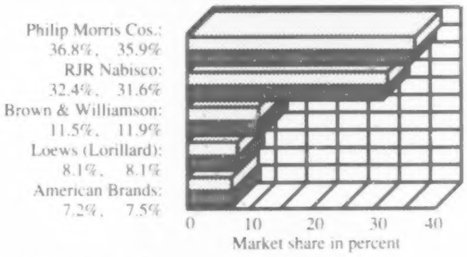
Total 1986 market: 2.26 billion pounds, up 4%



Source: John C. Maxwell Jr.

Top five cigaret marketers

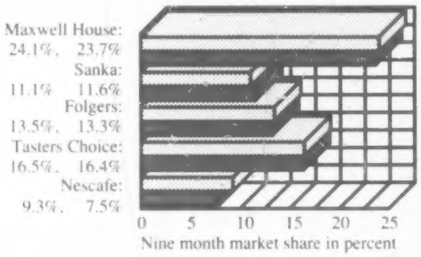
Total 1986 market: 582.4 billion units, down 2.2%



Source: John C. Maxwell Jr.

Top five brands of instant coffee

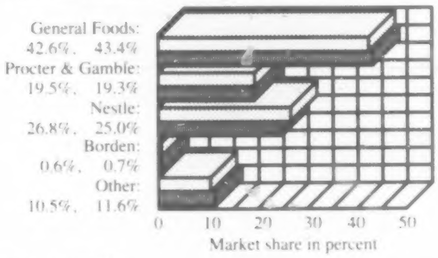
Total 1986 market: $110.8 million, down 6.6%



Source: John C. Maxwell Jr.

Top five coffee marketers

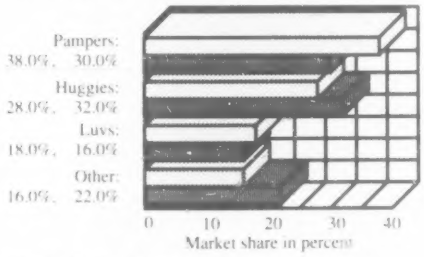
Total 1986 market: $110.8 million, down 6.6%



Source: John C. Maxwell Jr.

Top four U.S. disposable diaper brands

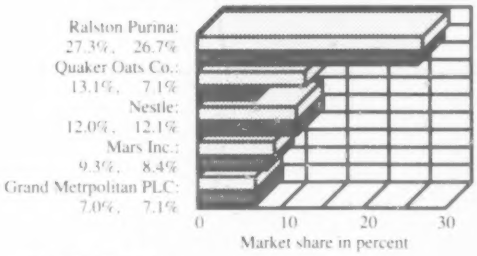
Total 1986 market: $3 billion, up 7.1%



Source: Advertising Age and Salomon Bros.

Top five pet food marketers

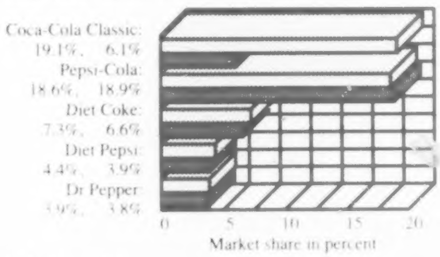
Total 1986 market: $5.62 billion, up 3.6



Source: John C. Maxwell Jr.

Top five soft drink brands

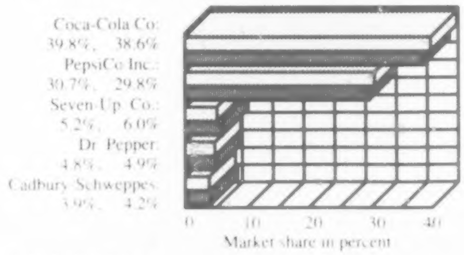
Total 1986 market: 6.77 billion cases, up 4.2%



Source: John C. Maxwell Jr.

Top five soft drink marketers

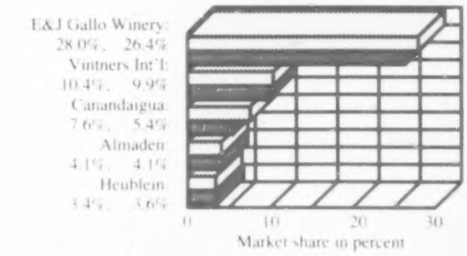
Total 1986 market: 6.77 billion cases, up 4.2%



Source: John C. Maxwell Jr.

Top five wine marketers

Total 1986 market: 595 million gallons, up 3%



Source: John C. Maxwell Jr.

Key: ☐ 1986 ■ 1985 All percentages are given for 1986 and 1985 respectively cept Ultratech; Helen Hutchins, assoc group mgr, Ultra Technologies; Robert Davison, Mark Redfield, vps-acct supers.

J. Walter Thompson USA, New York—amateur film, some business, industrial & technical, photofinishing, Ultratech batteries—Donald Johnston, chmn-ceo; Stephen Bowen, JWT/USA president; James Patterson, JWT/USA chmn; Jerrold Gottlieb, sr vp-mng dir; Mitchell Brooks, acct dir; Howard Holder, vp-sr acct super, C&I; Ernest Emerling, vp-intl client svc dir; Susan Moonitz, intl acct exec; Richard O'Leary, vp-acct super, film; Fred Stewart, acct super, photofinishing and processing labs; Gerard Dufer, mgmt dir, Ultratech; Ivy Wolpin, sr acct super, Ultratech; Martin Rose, acct dir, Ultratech; Jeff Bodeman and Lee Certilman, acct execs, film; Lisa Fischman, acct exec, photofinishing and processing labs; Jerry Franz, acct exec, Ultratech; Anna Derusha, acct coord, film; Hamilton Brower, asst acct rep, Ultratech; Cynthia Krimezis, acct exec, C&I, mass memory, copy prods, health sciences, clinical, govt; Robert Losi, acct exec, C&I, umbrella campaign, graphic imaging, business imaging, Atex, Eikonix.

Young & Rubicam, New York—disc, 35 mm cameras, consumer electronics—Feman Montero, worldwide acct dir; Terrence O'Connor, mgmt super; Claudia Eisen, acct super; Robert Beltram, asst acct exec; Sara Smith, acct coord.

Young & Rubicam, Toronto—Canadian photographic & electronics prods— Peter Finlayson, group acct dir; Himal Mathew, acct super; Jonathan Cronin, Stuart Baker, acct execs; Bruce Grondin, media dir.

EASTMAN CHEMICALS DIVISION
Corporate Personnel

Toy F. Reid, exec vp-gen mgr
R. Wiley Bourne, vp-asst gen mgr
Earnest W. Davenport, vp-asst gen mgr

LIFE SCIENCES
Corporate Personnel

Leo J. Thomas, sr vp-gen mgr
Paul Baehr, vp-gen mgr, Eastman pharmaceuticals div
Jose J. Coronas, vp-gm, Bio-Products div
Donald W. Hartman, vp-gen mgr, Laboratory and Research Products div

Advertising Agency

FCB/Leber Katz Partners, New York—all prods worldwide—John Adams, sr exec vp; Howard Berg, group mgmt dir; Jack Benoze, mgmt dir; Randie Goldstein, acct exec.

Federated Department Stores

RANK **98**

Cincinnati

($ in millions)

Worldwide	1987	1986	% chg
Sales	10,512	9,978	5.4
Net income	288	287	0.3
U.S. advertising	86	69	23.2
Division sales	**1987**	**1986**	**% chg**
Department store	6,974	6,685	4.3
Mass merch.	969	1,058	(8.4)
Supermarket	2,046	1,814	12.8
Other	523	422	24.0

Federated Department Stores completed its multi-year divisional consolidation program early in 1987 with the merger of its Houston-based Foley's Department Store and Dallas-based Sanger Harris divisions.

This was the fifth merger for Federated units in as many year. "The mergers are a way of making operations more efficient and allowing us some administrative cost savings so that we can improve other parts of the business that mean more to customers," notes a Federated spokesman.

Federated has no current plans for further consolidations. "Our philosophy, particularly in the department store segment, is to concentrate on improving locations that we already have," the spokesman said, adding that the focus now is maximizing productivity.

To a lesser extent, Federated is expanding into new regional markets in addition to filling in existing markets. For example, Filene's Basement, based in Boston, is opening stores late this year in several outlying markets in Massachusetts and Upstate New York.

In June, Federated Lazarus' division completed the acquisition of the 12-store Block's Inc. chain, which was a subsidiary of Allied Department Stores. Block's stores in Indiana, Ohio and Michigan will operate under the Lazarus name. With the acquisitions, the Lazarus chain, which now has 46 stores, enters the Grand Rapids, Mich., market and strengthens its presence in Springfield, Ohio, and in Indianapolis and other parts of Indiana.

The California-based Ralph's supermarket division continues to undergo considerable revamping. In the past year, the chain has closed 18 small stores and opened the same number of larger stores including 14 Ralph's Giant Stores, which carry nearly double the merchandise of a standard supermarket. Nine stores also were remodeled and the distribution center was updated and expanded. Total capital spending in Ralph's was $158.6 million in 1986.

Measured seven-media spending at Ralph's was $5.8 million with a very heavy concentration in spot TV, up slightly over 1985.

In March 1987, Federated appointed Norman S. Matthews as president and chief operating officer—positions which have been vacant since 1982. Allen I. Questrom, chairman of the Bullock's division in Los Angeles, also became a Federated VP. Howard Goldfeder continues as chairman-ceo.

The company completed its planned divestiture of major shopping center properties in 1986 with the sale of its interest in two major regional shopping centers—Hulen Ridge Mall in Fort Worth and Hickory Ridge Mall in Memphis.

Federated now operates 645 stores including 238 department stores, 76 mass merchandising outlets, 205 specialty stores and 126 grocery stores. For the first-half of 1987, Federated reported earnings of $80.2 million, down 2% from $81.9 million in the year-earlier period. Sales rose 7.5% to $4.9 billion.

Federated's measured spending in calendar 1986 was $38.8 million, up from $31.4 million in 1985, according to BAR/LNA.

Federated reported advertising costs of $321.3 million for the fiscal year ended Jan. 31, 1987, up from $303.3 million in 1986. The figure includes all direct advertising expenses including media, production and direct payroll, a spokesman says.

Federated continued to expand its MainStreet and Filene's Basement division in 1986, and The Children's Place has concentrated efforts on solidifying its presence in existing markets. Together, these divisions opened 22 new locations in eight new markets in 1986.

MainStreet, a moderately priced softgoods department store chain, which will have 20 stores this fall in the Chicago and Detroit areas, will expand to 29 stores by the end of 1988 with entries in the Minneapolis-St. Paul and Fort Wayne markets.

MainStreet switched its $3 million ad account to Bayer, Bess, Vanderwarker & Flynn in Chicago from W.B. Doner in Detroit in May. W.B. Doner, however, has acquired Filene's Basement broadcast account. The work was previously handled in-house.

The Bloomingdale's division passed $1 billion in sales for the first time in 1986. A new store was opened in Boca Raton, and construction is under way for a new store on Michigan Avenue in Chicago, which will open next fall. Plans also are under way for a Minneapolis store in 1989. Two pilot Bloomies Express stores were launched at Kennedy International Airport in New York to reach international travelers.

Abraham & Straus opened a new store in Valley Stream on Long Island in 1986. A&S also has announced plans to build a new mid-town Manhattan unit, which is scheduled to open in October 1988. A&S previously announced it was pulling out of the Pennsylvania market and it will close the second of its two stores there within the next several months.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	3,167	3,524
Newsp. supp.	453	1,086
Spot TV	31,761	25,635
Spot radio	2,909	1,048
Outdoor	417	126
Total measured	38,706	31,419
Unmeasured	46,814	38,000
Total	85,519	69,419

FEDERATED DEPARTMENT STORES
7 West Seventh St.
Cincinnati, Ohio 45202
(513) 579-7000

ABRAHAM & STRAUS
Brooklyn
Marketing Personnel

Doris Shaw, exec vp, mktg & comm
Francesco Cantarella, sr vp, dir-public affairs
Nancy Ryan, vp, dir-broadcast & creative mktg
David Stern, sr vp-sales promo

Advertising Agency

(In-house).

BLOOMINGDALE'S
New York
Marketing Personnel

Gordon Cooke, exec vp-sales promo
Terron Schaeffer, vp-mktg
John Jay, sr vp, creative dir

Advertising Agency

Grey Advertising, New York—Herb Lieberman, sr vp; Merle Schell, vp-group mgmt super; Wendy Tilles, acct super; Lisa Rubinich, asst acct exec.

BULLOCK'S
Los Angeles
Marketing Personnel

Judy Farris, vp-sales promo, mktg & visual presentation

Advertising Agency

(In-house).

BULLOCK'S WILSHIRE
Los Angeles
Marketing Personnel

Shirley Wilson, mgr-sales promo
Sheila Mauz, adv coord

Advertising Agency

(In-house).

BURDINE'S
Miami
Marketing Personnel

Carey Watson, sr vp-mktg
Linda Frankel, vp-adv
Jorge Lopex, operating vp-adv adm & productions
Jane Smiley, operating vp-special events & publicity

Advertising Agency

(In-House).

THE CHILDREN'S PLACE
Pine Brook, N.J.
Marketing Personnel

Micki Stanek, adv coord

Advertising Agency

(In-house).

FILENE'S
Boston
Marketing Personnel

John Ward, sr vp, genl merch mgr
William McNamara, sr vp., genl merch mgr
Charlotte Brewer, vp-mktg
Dick Diamond, div vp-adv

Advertising Agency

Saffer Advertising, Toronto—broadcast—Patti Muldoon, acct d[illegible] Wolfe, acct mgr.

FILENE'S BASEMENT
Wellesley, Mass.
Marketing Personnel

Sam DePhillippo, sr vp-mktg

Advertising Agencies

(In-house).

W.B. Doner, Detroit—broadcast—Alan Kalter, exec vp-retail; Bruce Phillips, sr acct exec.

FOLEY'S
Houston
Marketing Personnel

Linda Knight, sr vp-mktg
Wayne Franks, div vp-creative adv
Barbara Haskett, div vp-special events
John Gerdel, dir-rsch

Advertising Agencies

(In-house).

Taylor, Brown & Barnhill, Houston—Don Brown, president; Candice Goodwin, mgmt super; Tammi Guest, acct exec.

GOLD CIRCLE
Columbus, Ohio
Marketing Personnel

Liz Geurink, vp-adv

Advertising Agency

Ron Foth Retail, Columbus, Ohio—broadcast—Ron Foth, president; Jennifer Lyon, vp-client svcs; Rob Gibbons, vp-production svcs.

GOLDSMITH'S
Memphis
Marketing Personnel

Susan Weiner, vp-sales promo
Dorothy Stanton, adv dir
Sharon Kauerz, creative dir
Betty Jo Nelson, adv business dir

Advertising Agency

(In-house).

LAZARUS
Cincinnati
Marketing Personnel

Timothy Worcester, sr vp-mktg
Herbert Frager, vp-adv
Ralph Holt, dir-mktg

Advertising Agency

(In-house).

I. MAGNIN
San Francisco
Marketing Personnel

Wilmer Weiss, sr vp-corp comm
Virginia Ferrand, operating vp-sales promo
Alvin Somers, sr vp-direct mail & mktg
Judy Staschover-mktg dir

Advertising Agency

(In house).

MAINSTREET
Bannockburn, Ill.
Marketing Personnel

Steve Butterman, sr vp-mktg
Roger Boike, vp-visual merch
Lyle LaMont, vp-admin & production

Advertising Agency

Bayer, Bess, Vanderwarker & Flynn, Chicago—Ron Bess, president; Al Nottke, acct super; Janet Jackson, acct exec.

RALPH'S SUPERMARKETS
Compton, Calif.
Marketing Personnel

Al Marasca, exec vp-mktg
Kevin Davis, asst vp-sales & mktg

Advertising Agency

DJMC, Los Angeles—Jim McKenna, sr vp-mgmt super; Kim Rudrud, acct super; Linda Griffin, acct exec.

RICH'S
Atlanta
Marketing Personnel

Donald Van Suilichem, sr vp-dir mktg
Alma Freedman, div vp-dir adv
Thomas Smallwood, vp-creative dir
Anne Berg, vp-pr dir

Advertising Agency

(In-house).

Ford Motor Co.

RANK **6**

Dearborn, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	62,716	52,774	18.8
Net income	3,285	2,515	30.6
U.S.	**1986**	**1985**	**% chg**
Sales	50,034	43,526	15.0
Operating profits	5,069	3,630	39.6
Advertising	649	615	5.5
Division sales	**1986**	**1985**	**% chg**
Automotive	58,271	48,879	19.2
All other	4,445	3,895	14.1

For the first time since the days of the Model T, Ford Motor Co.'s earnings in 1986 gunned down those of archrival General Motors Corp. When the dust cleared, the final score was: Ford $3.3 billion, GM $2.9 billion.

This year, the No. 2 domestic automaker in units isn't resting on its laurels. During the first half of 1987, Ford already has posted profits of nearly $3 billion, which exceeds the combined profits of GM, Chrysler Corp. and American Motors. Some analysts predict Ford will earn a record $4.5 billion this year.

That's assuming, however, that Ford hasn't become the victim of a crippling strike by the United Auto Workers union. Both Ford's and GM's contracts with the UAW were to expire on Sept. 14. The UAW announced in late August it would strike Ford if a breakthrough is not reached in negotiations by the deadline. Worker job security is a major issue in the talks.

The year has been one of high drama at the automaker's top agency. In July 1987, Ford shifted $100 million worth of non-U.S. advertising from J. Walter Thompson Co. Ford gave nine European accounts to Ogilvy & Mather and Ford of Canada to Young & Rubicam. As of late summer, Ford also was reviewing its ad business in Brazil, Mexico, Argentina and Venezuela—worth another estimated $14 million to JWT.

The automaker insisted the moves were not a result of the earlier acquisition of JWT Group by London's WPP Group, adding that it would keep its estimated $260 million U.S. account at JWT.

Ford also was busy in the past year making acquisitions and forming joint ventures with other auto companies. In October 1986, Ford made a bid to buy the financially ailing Italian automaker, Alfa Romeo. That bid lost out, however, to Fiat. In November, Ford and Volkswagen agreed to combine their automotive and credit operations in Brazil and Argentina into one concern, called Autolatina.

In April 1987, Ford bought PMI Mortgage Insurance Co., a subsidiary of Allstate Insurance Cos. And in May, Ford and Japan's Nissan Motor Co. announced they would team up to produce new vehicles, first among them a minivan. Ford already is involved in a joint venture with Mazda that involves the production of cars at the Flat Rock, Mich., plant operated by Mazda Motor Mfg. (USA) Corp.

Ford Motor Co. sold 2,080,822 cars in the U.S. last year, up only 0.07%. This is attributed in part to the company's philosophy of keeping production tight. In recent years, Ford has made only as many cars as it felt it could sell, slashing production capacity to reduce overhead costs and keep low the inventory of cars on dealers' lots. While maximizing per-unit profits, the strategy probably cost the company sales at a time when low-finance rate incentive wars were drawing droves

Top 25 network radio advertisers

Rank	Advertiser	Network radio ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Sears, Roebuck & Co.	$47,658	$20,803	129.1	4.7
2	Warner-Lambert Co.	22,707	16,268	39.6	4.1
3	American Telephone & Telegraph	22,552	24,853	(9.3)	5.1
4	General Motors Corp.	22,212	9,034	145.9	2.6
5	Anheuser-Busch Cos.	16,529	8,929	85.1	2.6
6	Bayer AG	16,206	5,572	190.9	12.9
7	Greyhound Corp.	15,545	14,250	9.1	15.0
8	Ford Motor Co.	14,871	7,625	95.0	2.3
9	Procter & Gamble Co.	13,879	13,423	3.4	1.0
10	Schering-Plough Corp.	11,442	4,847	136.1	5.6
11	Cotter & Co.	10,663	9,049	17.8	15.9
12	Goodyear Tire & Rubber Co.	8,214	5,363	53.2	5.1
13	U.S. Government	8,196	6,226	31.6	2.7
14	Whirlpool Corp.	7,930	6,605	20.1	12.8
15	Kelly Services	7,778	5,491	41.6	N/A
16	Philip Morris Cos.	7,750	2,076	273.3	0.6
17	International Business Machines Corp.	7,524	3,014	149.6	2.5
18	George A. Hormel & Co.	7,515	7,829	(4.0)	10.9
19	State Farm Mutual Automobile Ins. Co.	7,036	5,618	25.2	21.6
20	Dow Jones & Co.	6,708	3,808	76.1	15.8
21	Unilever NV	6,607	9,224	(28.4)	1.3
22	K mart Corp.	6,526	4,435	47.1	1.1
23	Florists Transworld Delivery Assn.	6,385	4,141	54.2	31.9
24	Sterling Drug	6,158	3,749	64.2	2.8
25	Triangle Publications	6,017	7,523	(20.0)	12.4

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

of customers into dealer showrooms.

It also cost a small slice of market share. Ford's share of the U.S. car market in 1986 was about 18.2%, down from 18.8% in 1985 but still better than the 16.3% share the company had in 1981.

Ford division sold 1,397,141 units in 1986, an increase of 0.8% over 1985; Lincoln-Mercury division sold 491,782 Mercury models, a decrease of 5.5%, and 177,584 Lincolns, an increase of 7.5%. Ford also sold 14,315 Merkur XR4Ti models in 1986—an increase of 59.5%—perhaps indicating that the German-built car finally is overcoming its ugly-duckling image and is gaining consumer acceptance in this country. In spring 1987, Merkur dealers got a second model, the Scorpio, for their showrooms.

Ford had a banner year in trucks in 1986, finishing No. 1 with a 29.3% market share for all light-duty trucks vs. 27.8% in 1985. The company sold 1,381,438 light-duty trucks, an increase of 8.6%. Chevrolet was second in the category at 26.5%, down from 28.8% in the prior year as its unit volume dropped 4% to 1,247,595. For the fifth straight year, Ford's F-Series pickup truck was the best-selling vehicle—car or truck—in the U.S., with 544,969 units sold.

How is Ford doing it? How is it managing to outpace the domestic competition in profits, maintain its share of an ever-shrinking market and dole out whopping profit-sharing checks to its workers?

Auto analysts generally cite the cost-cutting measures Ford has taken over the last six years. The automaker rebounded from heavy losses in the early '80s by closing plants, laying off thousands of employees and virtually revamping its product line. Ford says it has reduced its annual costs by $5 billion since 1980.

And now its efforts are paying off. Ford execs give the same answer, but add that it's Ford's push to be known as a maker of quality automobiles that has taken the company to the front of the pack.

Quality has been a catchword in Ford corporate and divisional advertising for some time, from the "Quality is Job One" campaign of the early '80s to the present-day "best-built American cars and trucks" theme. Last year, the "best-built" campaign drew fire from Chrysler chairman Lee Iacocca, who claimed a Chrysler survey of 1986 domestic vehicles put his company ahead of GM and Ford—a claim that Chrysler touted in its advertising. Mr. Iacocca demanded that Ford withdraw the "best-built" claim from its ads.

Ford stood behind its survey data and took the case to the national advertising division of the Council of Better Business Bureaus, which in April 1987 found Chrysler's ads to be "inaccurate" because Chrysler was claiming top-quality cars based on a survey that included trucks.

Chrysler agreed to discontinue the ads in June, after another survey provided "no clear-cut results," as a spokesman put it. Ford, meanwhile, broke network TV spots and ads in *USA Today* and the *Wall Street Journal*, heralding the results of its own survey that said Ford ranks highest in quality among U.S. automakers for the seventh consecutive year.

In the meantime, the Big Three automakers traded barbs over warranty coverage. GM fired the first shot in January 1987 by introducing a six-year/60,000-mile powertrain warranty and six-year/100,000-mile corrosion coverage. Ford soon matched that, and in a classic case of one-upmanship, Chrysler came out with its seven-year/70,000-mile warranty and a claim of being "better."

But the big story of the past year has been the ultra-low finance rates marketed by U.S. automakers. GM, stuck with a huge inventory of 1986-model cars on the eve of 1987-model introductions last fall, started things off with 2.9% annual percentage rate financing, dubbed "The Big One." Chrysler followed with 2.4%; Ford matched GM's offer (even though its inventories were comparatively low), and American Motors announced 0.0% financing.

A number of critics said incentives weren't good for the auto industry in the long run, because consumers would become so addicted they wouldn't buy without them.

To an extent, the critics' words have proved true. Ever since "The Big One," incentives have hung around in one form or another. And in August 1987, GM announced "The Big One is Back" in the form of 1.9% financing on some models; Ford and Chrysler followed in kind.

On the product side, Ford Motor Co. bolstered its lineup this year with three new cars: the subcompact Ford Festiva, compact Mercury Tracer and mid-size Merkur Scorpio. All three models are built outside the U.S. and represent part of the automaker's cost-cutting strategy to reduce capacity here. The rest of Ford's lineup consists mainly of carryover models with facelifts here and there.

Ford division ads continued the long-running "Have you driven a Ford . . . lately?" themeline. And when the Thunderbird Turbo Coupe won the 1987 *Motor Trend* Car of the Year Award, ads boasted that Ford was the first auto company to win two years in a row (the Taurus won in 1986).

Ford division is marketing the Korean-built 1988 Festiva as a "new kind of Ford" to keep it from cannibalizing sales of the Escort subcompact, the No. 2-selling car in the U.S. last year with unit sales of 402,181, down 4.4%. Festiva targets consumers who are younger, better-educated and have higher incomes than the typical Escort buyer. Ford projects sales of 35,000 units this year and 50,000 annually afterward.

The new model, for which a multimedia ad campaign broke April 20 on the West Coast, bears the "Festiva" nameplate in hopes that customers might associate it with the Ford Fiesta, which has achieved a cult status of sorts in the U.S., according to Ford officials.

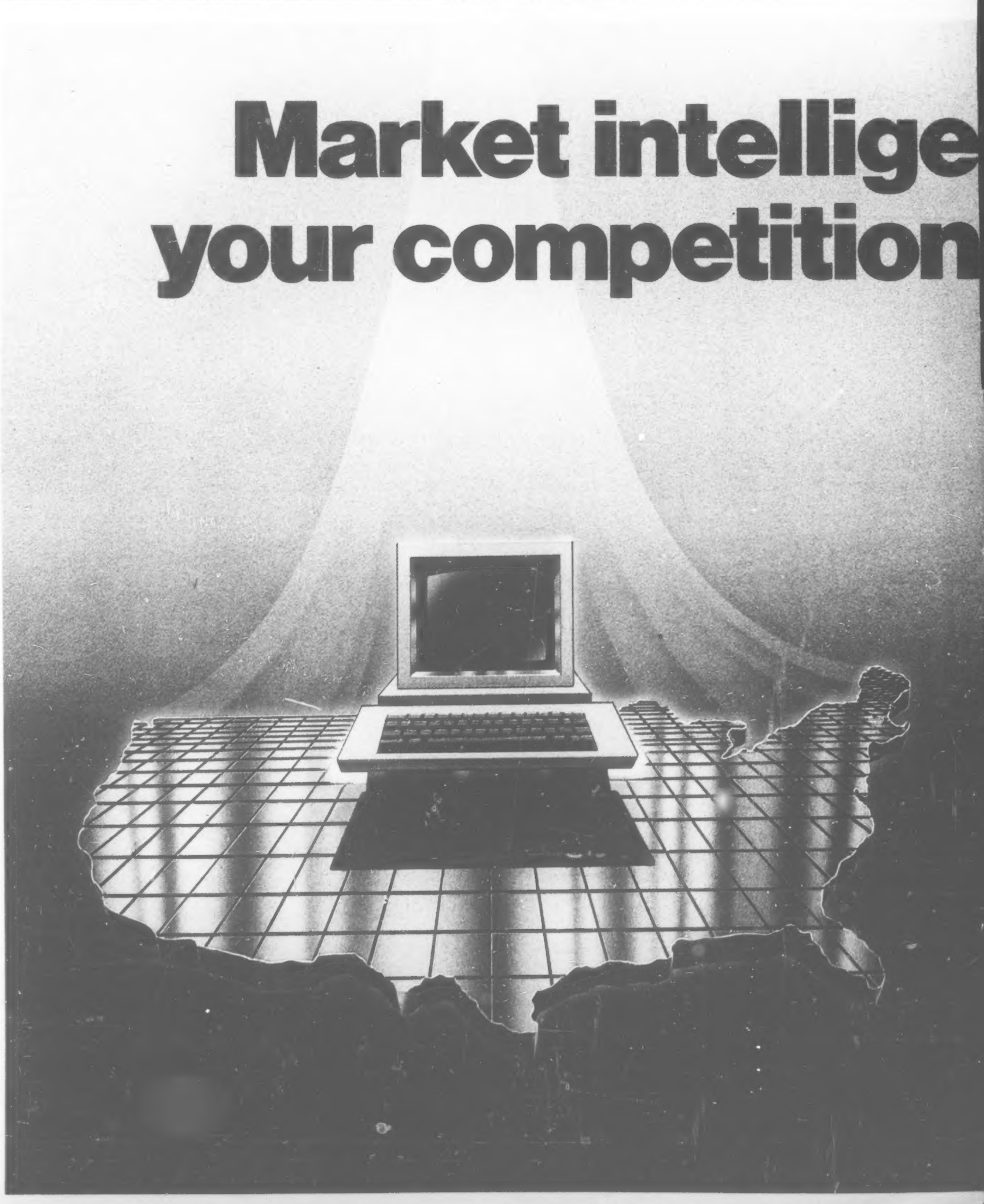
Lincoln-Mercury division dropped two models, the Capri and the Lynx, from its lineup for 1987. Lincoln ads retained the "What a luxury car should be" tagline. Ads for Lincoln Town Car once again ridiculed GM for having look-alike luxury models. In a follow-up "Valet" TV spot, a parking attendant has trouble telling the difference between Buick, Oldsmobile and Cadillac models. Town Car sales in 1986 jumped 13.2% over 1985.

Mercury-brand ads still contained "The shape you want to be in" tagline but featured the rock 'n' roll hits of Rod Stewart in an attempt to woo women and young buyers. "You're in My Heart" and "Do You Think I'm Sexy?" were used in TV and radio spots for the overall brand; "Tonight's the Night" was used for Sable and "Passion" for Cougar. Women were featured prominently in the TV spots, with "You're in My Heart" playing as a tribute. The Rod Stewart campaign was dropped quietly earlier this year.

L-M budgeted an estimated $38 million—the division's biggest-ever advertising blitz—to launch the Tracer subcompact, which is built by Ford in Mexico and based on a design by Ford's Japanese partner, Mazda Motor Corp. The campaign, which represented about 30% of L-M's total 1987 ad spending, was also the first L-M launch to make use of radio. TV got 62% of the Tracer ad budget, print 29% and radio 9%.

The $7,926 Tracer, which replaced the Mercury Lynx, was positioned as an "upscale" compact to disassociate it with other low-price imports. Ads stressed the car's "68 standard features" via a "friendship" theme. The Mercury tagline, "The shape you want to be in," was retained, but the Tracer campaign added, "Because the best friends are the ones that go out of their way for you." The 1987 sales target for Tracer is 40,000 units, eventually reaching 80,000.

Lincoln-Mercury budgeted nearly $20 million—some 15% of its total 1987 ad budget—to launch the German-built Scorpio, even though first-year projected sales are only 5,000-7,000 units. Launch ads for the $23,000-plus sedan focused on the car's German origins and its comfort: "Now you can have your Black Forest cake . . . and enjoy it too," read one ad spread. The Merkur theme, "Advancing the art of driving," was retained in both print and TV advertising. L-M division spent 70% of its Scorpio budget on print and direct mail.



In the future, Ford is expected to revive the Capri name in the form of an Australian-built 2-plus-2 sports roadster. Also, sources inside Ford whisper that the rear-wheel-drive Mustang will be around through the 1991 model year. A front-wheel-drive car—the one to be produced at Mazda's Michigan plant—will be called Probe, a name borrowed from a long line of Ford aerodynamic concept cars, and will be available in the second quarter of 1988.

In personnel changes, Edsel B. Ford II was moved from general marketing manager of Lincoln-Mercury division to general sales manager, after Thomas Mignanelli left the company to become VP-marketing for Nissan Motor Corp. in USA. Mr. Ford was succeeded by DeWayne Lancaster, from national market representation manager. Succeeding Mr. Lancaster was Theodore Goellner, from Western regional manager.

In addition, Jack J. Telnack, who has been celebrated as Ford's aerodynamic design guru, was promoted and given a more succinct job title. Instead of chief design executive, North American Design, Ford North American Automotive Operations, his business card now reads, simply, VP-design. Mr. Telnack succeeded Donald F. Kopka, who retired in June after nearly 30 years with Ford Motor Co.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	76,136	77,295
Magazines	125,071	114,851
Newsp. supp.	3,853	1,397
Bus. pubs.	5,251	5,189
Farm pubs.	3,014	3,026
Network TV	188,815	191,373
Spot TV	55,821	37,100
Network radio	14,871	7,625
Spot radio	17,610	14,493
Outdoor	2,134	3,222
Network cable	4,748	6,068
Total measured	497,324	461,639
Unmeasured	151,176	153,087
Total	648,500	614,726

FORD MOTOR CO.
The American Road
Dearborn, Mich. 48121
(313) 322-3000

Corporate Marketing Personnel

J.G. O'Connor, exec dir-mktg
D.T. McClure, adv and mktg strategy dir
F.R. Wuellner, mgr-adv comm

Advertising Agency

Wells, Rich, Greene, New York—James B. Lawrence, sr vp-mng dir, Detroit.

FORD DIVISION

Corporate Personnel

R.L. Rewey, vp-genl mgr

Marketing Personnel

P.M. Novell, genl sales mgr
B.A. Koehler, exec asst-dealer affairs
R.H. Roberts, genl mktg mgr
R.W. Lisenby, truck sales promo mgr
J.B. Vanderzee, adv mgr
R.J. Gillooly, car adv mgr
D.S. Cook Jr., merch mgr
D.P. Reis, car sales promo dir
D.M. Pohlod, training comm mgr
J.H. Merrifield, heavy truck sales mgr, truck operations
D.D. Litchfield, heavy truck adv-merch, mgr, truck operations

Advertising Agency

J. Walter Thompson USA, Detroit—Peter Schweitzer, exec vp, Detroit office mgr; Tim Cronin, sr vp-exec creative dir; Charles Balestrino, sr vp-Ford acct dir; Larry Mastro, vp-truck mgmt super; Hugh Trenkamp, sr vp-group mgmt dir; D. Sinclair, sr vp-mgmt super, cars.

LINCOLN-MERCURY DIVISION

Corporate Personnel

Thomas J. Wagner, vp-genl mgr

Marketing Personnel

Edsel B. Ford II, genl sales mgr
DeWayne Lancaster, genl mktg mgr
Sheldon E. Wardwell, adv mgr
Carl Bergman, merch mgr
Chuck Schneider, major mkt, dealer adv-mgr

Advertising Agencies

UniWorld Group, New York—Fermina Platon, vp-dir. mktg.

Young & Rubicam, Detroit—Roby Harrington, exec vp, chmn Y&R USA. National group; William A. Power, exec vp-genl mgr; Charles Riley, sr vp-group dir, L—M division; Ken Pool, sr vp-dir of media relations & planning; George Bak, vp-mgmt super, Lincoln Luxury; Timothy W. Hart, vp-mgmt super, Mercury; Kathleen J. Fieger, sr acct exec; Sandra A. Rowland, Colleen K. Cleary, David A. Hudson, acct execs.

FORD PARTS & SERVICE DIVISION

Corporate Personnel

J.A. Kordick, vp-genl mgr
L.R. Miskowski, natl svc devel

Marketing Personnel

K.W. Myers, prod & mktg mgr
L.K. Dwiggins, mktg mgr
A.E. White, adv & sales promo

Advertising Agency

Young & Rubicam, Detroit—Dan Wagner, vp-mgmt super; Carol Canestraight, acct super-svc; Steve Hamilton, John Scales, acct execs.

NORTH AMERICAN SALES OPERATIONS FORD NEW HOLLAND

Marketing Personnel

R.F. Moglia, president
G.A. Cowl, vp-sales & mktg
R.J. Nicolazzi, vp-inlt sales
J.A. Foster, dir-mktg svcs
W.T. Kennedy, vp-N. Am. sales operations
R.A. Kinder, mgr-comm & sales promo

Advertising Agency

Meldrum & Fewsmith, Southfield, Mich.—Jack Bryan, exec vp-genl mgr; Rol Kracoe, sr acct exec; Robert Drake, acct exec.

FORD MOTOR CREDIT CO.

Corporate Personnel

R.L. Fenstermacher, exec vp-North American auto financing operations
C.B. Rosenberg, business devel mgr-diversified operations

Marketing Personnel

R.E. Maise, vp-mktg
M.I. Auld, mktg & business devel mgr
W.E. Beathard, mktg & operations mgr, consumer loan operations

Advertising Agency

Wells, Rich, Greene, New York—J.D. McKay, exec vp-mgmt group head.

E&J Gallo Winery

RANK **71**

Modesto, Calif.

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	N/A	N/A
U.S. advertising	117	63	85.8

Just in case any competitors were contemplating a serious challenge, the world's largest winery, E. & J. Gallo, set them straight in 1986 by dramatically doubling its marketing budget to $117 million.

Gallo's marketing in 1986 was ruled by the cooler wars and its long-term effort to upgrade its wine quality image, primarily through spending on varietals, brandy and sparkling wines.

Industry analysts estimate Gallo's revenues were up 10% to about $750 million, almost all sales coming from the U.S.

Spending on Bartles & Jaymes wine cooler doubled to $34 million in 1986. Gallo not only made a strong showing in the quantity of its ads but in the quality as well. The Bartles & Jaymes network TV campaign, supplemented in print and with point-of-sale materials in bars and stores, won the first Best of Show granted at the New York's Andy Awards.

Bartles & Jaymes comfortably sailed to the No. 1 position with about a 22.9% share, replacing category originator California Cooler in the top spot as the Brown-Forman Corp. product dropped to No. 2 with a 17.5% share. Joseph E. Seagram Co., with about a 13% share, outspent B&J by an estimated $6 million, and it is now "outpacing" Bartles & Jaymes in specific markets, says Michael Moaba, managing editor of *Impact*, a wine and spirits industry newsletter published by M. Shanken Communications,

"Nobody has yet yielded to Gallo's tremendous clout," says Mr. Moaba. "They are spending money, hoping coolers will continue to grow dramatically and the volume games will make it worthwhile in the future," he says. Other market analysts aren't as optimistic. "The unit return on coolers is negligible," says one wine industry expert. "They would have to generate tremendous volume, and I don't think it's there." Coolers accounted for one-fourth of all wine products consumed in 1986.

One fallout from the cooler wars is a reduction in sales of low-end table wines, which feeds into Gallo's current marketing push to stress quality. The company is increasing marketing support for varietals and other upscale and high profit premium lines. For example, spending for Andre, the nation's No. 1 champagne, rose 22% to $5.7 million.

Gallo's premium wine spending, which more than doubled to $34 million in 1986, centered on its "All the Best" ads from Hal Riney & Partners, San Francisco.

nce to outsmart
. From SAMI. Now.

At this moment, your battle for market share and shelf space is more brutal than ever. That's why you'll welcome this news about the innovative market intelligence services SAMI has readied for your counter-attack.

These services combine state-of-the-art technology, extensive data retrieval, verified findings and research ingenuity to deliver formidable food, non-food and HBA marketing weapons:

- **SAMSCAN®** now details retail sales of food stores in 26 markets, *plus* extensive causal data and consumer purchases by 12,500 households in geographically dispersed markets. Purchase behavior is tracked with scanner cards and in-home wands to provide the industry's most complete coverage of household purchasing. By year end, SAMSCAN will deliver 35 markets accounting for 66% ACV.
- **FEATUREFAX™**, a vital new service, tightens your control over your trade expenditures and indicates how your trade dollars can be made more productive. The service does more than report the incidence of retail feature advertising in 100 metro areas comprising all 54 SAMI marketing areas. Our exclusive system also weights each ad based on prominence and probable incremental volume, which is adjusted by the market's size, retailer's share of market and the category development index (CDI). This gives you a more accurate gauge of ad impact on volume and share changes.

FeatureFax also uses SAMI's complete UPC dictionary to precisely match feature data with specific item movement data from SAMSCAN's store scanner or SAMI warehouse withdrawal data. All this is delivered at less cost than similar services.

- **COUPONFAX™**, another new service, manages your coupon expenditures. It tracks coupons in all major vehicles (FSI, ROP, direct mail, magazines) in the same 100 metro areas. Instead of relying on national norms, our unique forecasting model yields more precise estimates of actual redemption rates for all coupon events in a category. This means you can now receive more accurate estimates of coupon dollar spending.
- **SAMI** warehouse withdrawal reports, detailing product movement for over 104,000 food, drug and mass merchandising stores in 54 markets accounting for 88% ACV, provide the census-level data base that enables us to benchmark our other services and verify their data before release to you. SAMI alone has this verification prowess.

Further, because warehouse withdrawal and SAMSCAN are designed to be compatible and complementary, with common market definitions, they provide integrated regional data. That leads to actionable market level sales and marketing decisions.

Each of the above services is available individually to you, with 4-week reports and up to 3¼ years of back data. Weekly reports are available on request.

Further, since all SAMI services have compatible data bases, you can build one on another, and obtain the synergistic benefits of more market intelligence. Then, when you are ready for it, we will integrate all services into a total decision support system tailored to your specific needs.

Enter DecisionMaster™

- **DECISIONMASTER** consolidates and interrelates all the marketing intelligence you require on your brand, competition and category…as much as 250,000 pages…on a single compact disc. This decision support system embodies pragmatic programming and ingenious computerization to give you fingertip control of your national, regional and local markets.

SAMI supplies the optical disc reader for your PC and delivers a new disc every 4 weeks, so with minimum effort and no delay you can determine exactly what happened in 54 markets and why. Advanced decision support programming gives you the answers to over 200 commonly asked questions about your brand, competition and category. You also get answers to "what if…" questions and thereby shape your own competitive moves.

We've made certain the disc has ample unused capacity because SAMI is constantly adding services as your needs expand.

SAMI now offers you all the above and much more to outsmart your competition. For further intelligence, contact your SAMI representative or call Robert McCann at (212) 522-5785.

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541 N. Fairbanks Ct., Chicago, IL 60611 (312) 329-7259 • 501 Santa Monica Blvd., Santa Monica, CA 90401 (213) 451-8033

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Some observers believe Gallo, which purchases a large portion of the grapes produced in Sonoma County, may soon launch a coastal varietal which would move the whole line upscale. "Gallo participates in all segments of the wine business, and it wants to be No. 1 in every segment. The only place it is not currently seeking to be No. 1 is in the premium wine segment," says Jon Fredrickson, president of Gomberg-Fredrickson Associates, San Francisco, a wine industry consultancy.

The only categories where ad spending dropped was in generic wines, down from $4 million in 1985 to $70,000 in 1986. Ad support for the low-end Carlo Rossi wines also declined 1% to $2.4 million in 1986.

Gallo increased spending on brandy tenfold to $6.2 million in an effort to move its brandy upscale. In the past two years, Gallo has taken the top spot in the $600 million brandy market. Its share in 1986 was 50%. Gallo drew some adfire from Fromm & Sichel's Christian Brothers, the longtime brandy leader.

Partly as a result of brandy spending, Gallo sharply increased its outdoor advertising, from $66,000 in 1985 to $896,000 in 1986. The bulk of this year's Gallo ad budget hike found its way into broadcast, with network TV doubling to $66 million and spot TV increasing fivefold to $5.3 million. Spot radio spending was up from a mere $59,000 in 1985 to $722,000 in 1986.

Gallo does most of its media buying in-house, with smaller amounts placed by Hal Riney & Partners, its agency for creative.

During 1986, Ernest and Julio consented to one of their few interviews—a cover story in *Fortune*. The subsequent story was termed "vicious" by the family and resulted in the yanking of $650,000 in ads from parent Time Inc. Other media stories focused on a pending lawsuit by Ernest and Julio against brother Joseph for trademark infringement for marketing cheeses under the Joseph Gallo label.

Analysts say that as long as wine master, Julio, and marketing master, Ernest, run the company, there is little chance Gallo's No. 1 position in the market will be challenged. Some observers believe the increased ad spending and the upscale marketing emphasis might indicate new management is beginning to assert some power.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	323	396
Magazines	5,427	4,386
Newsp. supp	0	235
Network TV	66,718	33,571
Spot TV	5,337	4,114
Spot radio	722	59
Outdoor	896	66
Network cable	138	0
Total measured	79,561	42,826
Unmeasured	37,155	20,000
Total	116,716	62,826

E&J GALLO WINERY
600 Yosemite Blvd.
P.O. Box 1130
Modesto, Calif. 95353
(209) 579-3111

Corporate Personnel

Ernest Gallo, chmn
Julio R. Gallo, president

Advertising Agency

Hal Riney & Partners, San Francisco—E&J Gallo corp., Gallo varietals—Samuel Hershfield, acct super; Martin Wenzell, acct exec.

General Electric Co.

RANK **25**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	35,210	28,290	24.5
Net income	2,492	2,277	9.4
U.S. advertising	354	373	(5.1)
Division sales	**1986**	**1985**	**% chg**
Aerospace	4,318	3,085	40.0
Aircraft engines	5,977	4,712	26.8
Consumer prods	4,654	3,220	44.5
Financial services	585	499	17.2
Industrial	4,711	4,762	(1.1)
Major appliances	4,107	3,617	13.5
NBC	1,817	N/A	N/A
Power systems	5,262	5,824	(9.6)
Technical prods	3,266	2,319	40.8
Other	774	N/A	N/A

General Electric Co., which spent heavily on new acquisitions in 1986, including $6.4 billion for RCA Corp. and $600 million for an 80% interest in Kidder, Peabody & Co., is spinning off "non-performing" units. In the process, GE cut back its U.S. advertising an estimated 5% to $354.3 million in 1986 from 1985.

Divestitures will affect total ad spending at GE even further in 1987. GE, for example, spent $29 million in 1986 in measured media alone for products in its consumer electronics division, according to BAR/LNA. That division was sold in July 1987 to French government-owned Thomson SA, a consumer and defense electronics giant with sales of about $10 billion.

Terms of the trade involved Thomson paying GE between $500 million and $1 billion in cash for the consumer electronics business and turning over to GE its CRG medical equipment business. GE is already a leader in the worldwide medical equipment business, with revenues of $1.6 billion in 1986. GE's consumer electronics business sales of $3.5 billion in 1986 barely broke even. The division had not met GE's profitability goals set for it two years ago.

The sale now leaves highly diverse GE with major operations in aircraft engines, power systems, heavy industry, aerospace, major appliances, technical products and services, financial services and NBC.

The major appliance business maintained its No. 1 position among U.S. manufacturers with revenues up 14% from 1985. Introduced this year were the Space Center 27 electronic refrigerator and a new line of built-in appliances called Monogram, aimed at upscale consumers who want to build dream kitchens. In addition, GE introduced ranges to accompany the new GE gas range line. GE's major appliances and RCA's consumer service unit business had combined their operations.

GE measured media spending on its major appliances grew 154% to $14.2 million in 1986, an expenditure that did not include spending of $6.4 million on GE refrigerators/freezers, up 12%, or an expenditure of $4.6 million for the GE washer, up from only $200,000 in 1985, according to BAR/LNA.

GE lightbulbs received the second largest media expenditure in 1986 of $15.1 million, up 15.3% from 1985, according to BAR/LNA, which monitored NBC Network spending at $26.5 million, down 5% from 1986.

For the second straight year, National Broadcasting Co. retained its No. 1 spot among the TV networks in prime-time ratings, with a 17.8 rating and a 28 share for the 30-week, 1986-87 season ending in April 1987, according to A.C. Nielsen Co. CBS was a distant second with a 15.8 rating/25 share, and Capital Cities/ABC Network was third at 14.1/22. Each rating point is 1% of the 87.4 TV households in the U.S., while a share equals 1% of those TV sets turned on during prime time. The Nielsen ratings also indicate the erosion in viewership of network TV continues. The decline began about 10 years ago.

Carrying the NBC banner were such offerings as "The Cosby Show," "Family Ties," "The Golden Girls" and "Night Court." They attracted an average audience of 27 million households a week. "The Cosby Show," the season's highest-rated program, drew a 34.9 rating and 53 share. Revenues at NBC TV for 1986 were $1.82 billion and operating profits were $203 million. In early 1987, NBC bought WTVJ-TV, the CBS affiliate in the nation's 14th largest TV market, Miami, from Kohlberg Kravis Roberts & Co. for $270 million, bringing the company's total number of stations to six and giving NBC 22.4% of the U.S. population (25% is maximum by law). NBC, which already had an affiliate in the market in WSVN-TV, will switch that affiliation.

NBC Radio Networks, a weak sister to the TV network, was sold to Westwood One, which owns Mutual Broadcasting System, for $50 million and a 6% financial stake in Westwood. As part of the agreement, NBC News will continue to supply news reports to NBC Radio Network affiliates, although the programs will be sold and produced by Westwood. NBC had insisted in the sale that its NBC News identity remain intact. Also included in the buy was NBC Radio Entertainment, a program syndication company. The radio network, which consists of NBC Radio Network, Talknet and the youth-oriented Source, was expected to lose $7 million this year, according to communications industry analysts.

The radio networks will boost Westwood One's share of the radio network business from 16% to 27%, placing it No. 2 to ABC's seven radio networks, which hold 36% of the business.

GE also is expected to sell several owned-and-operated NBC FM radio stations. Grandfathered protection had allowed NBC to operate AM/FM combos in three markets where it owned TV stations—New York, Chicago and Washington—although that protection is voided with the sale of grandfathered properties. However, the FCC is considering rules that would allow a company owning a VHF TV station to co-own an AM stand-alone station in the same market.

Acquisitions spurred growth in 1986 at GE Financial Services. GEFS acquired an 80% stake for $600 million for the Wall Street securities firm, Kidder, Peabody. Kidder joins General Electric Credit Corp. (GECC) and Employers Reinsurance Corp. (ERC) to form three participants in the financial services market.

The RCA purchase along with good returns from GE financial services helped boost second-quarter 1987 earnings 16% to $720 million and sales to $9.56 billion, up 23%, although the prior year period only included one month of RCA ownership. For the first half of 1987, earnings rose 16% to $1.34 billion, on sales of $17.88 billion, up 31%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	26,987	29,870
Magazines	50,777	55,379
Newsp. supp	4,933	5,032
Bus. pubs	13,737	12,539
Network TV	51,615	49,173
Spot TV	5,431	11,953
Network radio	2,132	1,668
Spot radio	3,737	2,775
Outdoor	1,541	1,247
Network cable	2,428	2,520
Total measured	163,317	172,155
Unmeasured	190,933	201,265
Total	354,250	373,420

GENERAL ELECTRIC CO.
3135 Easton Turnpike
Fairfield, Conn. 06431
(203) 373-2211

Marketing Personnel

Richard A. Costello, mgr-corp mktg comm
Barbara J. Parsky, mgr, corp adv
Victor H. Alcott, mgr, GE appliances adv
R.Q. LaFond, mgr, GE lighting adv
Barton D. Ladd, vp, GE Credit Corp. adv

Advertising Agencies

BBDO, New York—brand image, corp adv, major appliances, consumer electronics, lighting—Frank Perkins, exec vp

Jordan, McGrath, Case & Taylor, New York—GE Credit Corp.—Jack Taylor, exec vp

NBC ENTERTAINMENT

Marketing Personnel

John D. Miller, vp-adv & promo
Tim Miller, vp-adv & promo, east coast
Paul Wang, vp-operations
John Luma, vp-on air promo
Marla Goldstein, dir-media planning, adv & promo
Martha Stanville, vp-affil adv & promo svcs
Jenness Brewer, vp-print prod

Advertising Agency

AC&R/DHB&BESS, Los Angeles—Eugene Cofsky, president; Nicky Shapiro, vp-media dir; Melanie Patkos, vp-creative

General Mills

RANK **11**

Minneapolis

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	5,189	4,496	15.4
Net income	220	179	22.8
U.S. advertising	552	447	23.3
Division sales	**1986**	**1985**	**% chg**
Consumer foods	3,450	3,061	12.7
Restaurants	1,250	1,051	18.9
Specialty retail	490	474	3.4

After finishing a two-year corporate reshaping, General Mills stormed back in 1986 with double-digit sales and profit increases in its consumer foods and restaurant divisions. In mid-1986, the Minneapolis-based company completed its streamlining when it sold its furniture group, which included the Pennsylvania House and Kittinger furniture operations.

Specialty retailing revenues rose only 3.4%, but continuing operations shot up 28% after General Mills sold four of six businesses in the group. Remaining are Talbots women's apparel and Eddie Bauer outdoor and sports apparel chains.

General Mills' workforce of 65,000 will shrink 6% in the next year through attrition and scaling back, a spokesman says. Even General Mills' matronly Betty Crocker got an early 1986 makeover. Corporate reshaping enabled the company to concentrate on consumer foods, which provided 66.5% of General Mills' fiscal 1987 sales.

The only major changes in the management team were the naming in mid-1986 of Sally Frame and Michael Rayden as presidents of the Talbots and Eddie Bauer units, respectively, and VPs of General Mills.

General Mills is planning to invest $800 million to build a state-of-the-art cereal plant, open new Red Lobster Inns and Olive Garden restaurants and double the number of Talbots stores.

Sales and net profits rose 15.4% and 22.7%, respectively, in fiscal 1987 (ending May 31), prompting Chairman-CEO H. Brewster Atwater Jr. to call General Mills a "Company of Champions"—a variation on the company's famous "Breakfast of Champions" slogan for Wheaties cereal. General Mills announced a two-for-one stock split in September 1986 after first-quarter food and restaurant sales zoomed substantially from 1985.

From 1986 and through August, General Mills aggressively churned out new cereal, fruit snacks and Betty Crocker mix and specialty products. In July, General Mills declared war on Quaker Oats' dominance in the $498 million hot cereal category by introducing Total Oatmeal in one-minute and instant varieties. Saatchi & Saatchi DFS Compton, New York, handles the $24 million Total account, designed as a long-term onslaught on Quaker's 68% share in the category.

The No. 2 marketer of ready-to-eat cereals, General Mills maintained its 24.1% dollar share in the $5.2 billion market last year, up from 23.7%. No. 1 Kellogg Co., Battle Creek, Mich. claimed 42%, up from 41.6%. In pound volume, Kellogg Co. gobbled up 42.6% of the market compared to General Mills' 21.2%, according to John C. Maxwell Jr. of Furman, Selz, Mager, Dietz & Birney, New York.

Volume and sales shares of Big G's top four cereals—Cheerios, Honey Nut Cheerios, Total and Wheaties—slipped in 1986. But 1986 introductions of three new cereals, plus three more this year, helped boost sales. Three new cereals, Clusters, Oatmeal Raisin Crisp and Raisin Nut Bran, are targeted to adults, a burgeoning niche coveted by General Mills and Kellogg. The other new cereals, Circus Fun, Ice Cream Cones and Rocky Road, are presweetened children's fare. Helping to boost sales of nine Big G cereals was an early 1987 "Wheel of Fortune" Sweepstakes featuring letter-turner Vanna White in network TV ads and couponed free-standing inserts via S&S DFS Compton, New York.

General Mills' top-selling Cheerios slipped from a 5.2% share in 1985 to a 5.1% share of dollar sales in 1986. In poundage, it dropped from a 5% share to 4.9% share. Its ranking among individual cereals remained No. 3 in poundage and No. 2 in dollar volume for both years. Kellogg's Corn Flakes leads in poundage with a 6.6% share compared with a 4.5% dollar share. Kellogg's Frosted Flakes, No. 2, in poundage at 6%, is No. 1 in dollar sales at 5.7%. Cheerios and Honey Nut Cheerios (No. 9 in poundage, with 2.9% of poundage, and No. 7 in dollar sales) were the only General Mills cereals in the top 10.

Even with Olympic gymnastic phenomenon Mary Lou Retton on the Wheaties box, market share for the 63-year-old brand dropped 15% and sales dipped $3.8 million to $20.6 million in 1986.

Cereal consumption jumped 14% in Canada during fiscal 1987, with General Mills introductions of Cinnamon Toast Crunch, Fibre 1 and reformulated

Top 25 spot radio advertisers

Rank	Advertiser	Spot radio ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Anheuser-Busch Cos.	$50,420	$39,713	27.0	7.8
2	General Motors Corp.	35,153	27,942	25.8	4.2
3	Philip Morris Cos.	33,226	25,808	28.7	2.4
4	PepsiCo Inc.	22,342	29,925	(25.3)	3.8
5	Sears, Roebuck & Co.	21,928	16,505	32.9	2.2
6	Delta Air Lines	21,708	19,903	9.1	20.8
7	Chrysler Corp.	21,071	23,549	(10.5)	4.9
8	Southland Corp.	19,962	19,926	0.2	33.5
9	Van Munching	18,670	31,720	(41.1)	41.9
10	Pillsbury Co.	18,178	11,006	65.2	3.7
11	Texas Air Corp.	18,146	6,590	175.4	13.7
12	Pabst Brewing Co.	17,914	6,345	182.3	N/A
13	Ford Motor Co.	17,610	14,493	21.5	2.7
14	Coca-Cola Co.	16,608	14,732	12.7	4.5
15	AMR Corp.	14,390	14,217	1.2	12.7
16	BCI Holdings	12,110	12,198	(0.7)	2.3
17	George A. Hormel & Co.	11,684	10,269	13.8	16.9
18	Allegis Corp.	11,660	13,386	(12.9)	6.8
19	BellSouth Corp.	11,376	7,143	59.3	13.7
20	Transworld Corp.	11,249	11,327	(0.7)	N/A
21	Nissan Motor Co. Ltd.	10,382	11,663	(11.0)	5.8
22	Southwestern Bell Corp.	10,317	7,977	29.3	15.3
23	Mobil Corp.	9,598	5,320	80.4	5.7
24	Martlett Importers	9,318	13,972	(33.3)	N/A
25	RJR Nabisco	9,286	7,935	17.0	1.0

Source: Radio Expenditure Reports
Note: Dollars are in thousands

Pro*Stars adding to sales of major brands.

Betty Crocker matched her younger image by whipping up new products and product lines extensions. They include Oriental Classics, a shelf-stable line of dinner entrees; Tuna Helper Pot Pie, Meat Loaf and Sloppy Joe Bake versions of the Helper line, which dominates the $128 million add-meat dinner mix market; herbed butter and bacon-cheddar varieties of Twice Baked Potatoes; and Suddenly Salad, a line of three shelf-stable cold pasta mixes plus a potato-salad mix.

Other introductions or additions to General Mills's Betty Crocker product line, which has a commanding 40% bite on the $1.1 billion dessert mix category, were German Chocolate and Walnut Brownie mixes; Chocolate Chip and Cinnamon Streudel muffin mixes; MiniMorsels ready-to-spread frosting; and Pop Secret microwave popcorn, which has nabbed a No. 2 spot in the $238 million microwave popcorn market with a 21% share.

Thickening, thinning, test-marketing and pulling out describe the last year for General Mills' No.2 Yoplait yogurt in the $955 million refrigerated yogurt category. Sales of all Yoplait brands gave it a 17% market share, well behind No. 1 Dannon Co. General Mills announced it would yank YoCreme, a pudding-style yogurt designed to compete with Dannon, from store shelves by Nov. 1 because of a trademark-infringement suit against Portland, Ore.-based International Yogurt Co.

International Yogurt had marketed similarly named Yo Cream frozen yogurt since 1982. Yoplait registered YoCreme as a trademark in 1979 but didn't market it until 1986. General Mills opted to pull YoCreme from the shelves after a U.S. District Court judge in Portland ruled International could market Yo Cream in 32 states, including the high yogurt-consuming states California and New York. The judge said General Mills could market YoCreme in 18 states.

General Mills thickened its Original Yoplait; introduced Yoplait 150, a fruit-on-the-bottom yogurt containing 150 calories; rolled out five flavors of Yoplait Soft Frozen Yogurt; and began test-marketing YOP liquid yogurt.

General Mills continued its aggressive expansion in the $309 million fruit roll and bar segment, which grew 29% last year. The company stretched its Fruit Corners snack line to include Fruit Wrinkles, Bars, Roll-Ups in addition to Pudding Roll-Ups in three flavors. Seven-media measured ad spending for the fruit line plus $11 million Pudding Roll-Ups totals $31.3 million. Unconfirmed reports put ad support at $60 million. The Fruit Corners line commands 55% of the market.

Although U.S. family flour sales dropped 6.5% to $375 million for the year ending July 17, General Mills' Gold Medal flour held its No. 1 38% share of the market. Another segment experiencing a crunch is the cereal meal (granola) bar category, which shrank by 24% to $313 million. General Mills' Nature Valley Granola Bars holds a 20% share of this market.

General Mills' restaurant group, consisting of Red Lobster seafood establishments and Olive Garden Italian restaurants—the largest dinnerhouse chains in their respective fields—grew so much that high start-up costs reduced operating profits to 9%. Thirty-two more Red Lobster Inns will be built by mid-1988, 20 are in either cities where other Red Lobsters already exist or in West Coast cities and 12 in Japan, for a total of 483 in the U.S., Canada and Japan. New markets include Tulsa, Okla., and Livonia, Mich.

During fiscal 1987, 38 new Olive Gardens sprouted in the South, Midwest and West, including locations in Atlanta, Houston, Los Angeles and St. Louis. Forty restaurants will be added to the chain, which General Mills bills as an "Italian version of Red Lobster," for a total of 92 restaurants with a per-person tab of $9.

Still struggling are General Mills' 113-unit chain of York's restaurants and Leeann Chin's, a chain of four buffet and 12 carryout Chinese restaurants located in Minneapolis and Chicago. Company sources still consider Leeann Chin's as a test, but they concede that further expansion isn't likely.

General Mills added the Olive Garden account to Grey Advertising, New York, which also handles York's and Red Lobster's estimated $35 million account.

The company's line of Gorton's fish hooked the No. 1 position in the $200 million frozen fish market with a 21% share. Included in a school of new products were Gorton's microwave Crunch Filets and Sticks and a Fishmarket Fresh line of uncoated, individually wrapped fillets.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	705	1,592
Magazines	23,306	22,006
Newsp. supp.	454	967
Bus. pubs.	1,109	607
Network TV	130,140	98,566
Spot TV	127,253	105,844
Network radio	2,967	2,030
Spot radio	3,107	3,829
Outdoor	348	358
Network cable	15,538	11,473
Total measured	304,927	247,270
Unmeasured	246,634	200,000
Total	551,561	447,270

GENERAL MILLS
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(612) 540-2311

Corporate Personnel

H. Brewster Atwater, chmn-ceo
Mark Willes, president
F. Caleb Blodgett, vice-chmn
Walter R. Barry, exec vp, consumer foods
Arthur Schulze, president, grocery prods
Steven M. Rothschild, president, convenience & intl foods
David R. Waters, president, specialty retailing
David Murphy, vp-genl mgr, mktg svcs
Joe R. Lee, president, restaurant group

Marketing Personnel

Robert J. Blake, dir-adv svcs, consumer foods
Hal H. Nitch, dir-media svcs, consumer foods

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—grocery, military—Ron Harvieux, acct super; Diane Yeager, Eileen Jeffers, asst acct execs.

Campbell-Mithun, Minneapolis—Big G cereals (Cinnamon Toast Crunch, Crispy Wheat 'n Raisins, Buc-Wheats, Golden Grahams, Ice Cream Cones, S'mores, Rocky Road, new prods), Nature Valley prods, Betty Crocker potatoes, Pop Secret popcorn, S'mores Crunch, Suddenly Salad, new prods—Madeline Betsch, Bruce Sutherland, exec vps-client svcs. Les Mouser, mgmt super, Nature's Valley; Rich Rosengren, mgmt super, cereal; Kate Richardson, acct super, cereal.

DDB Needham Worldwide, Chicago—Betty Crocker dessert mixes, Bisquick, Fruit Corners (Fruit Roll-Ups, Fruit Bars, Fruit Swirl Bars, Fruit Wrinkles), Gold Rush bars, Peanut Butter Boppers, new main meals, new instant meals, Bac-Os, Wheaties, Hamburger, Chicken & Tuna Helper, Yoplait yogurt brands, Oriental Classics boxed dinners—Alan Alexander, mgmt rep, Betty Crocker prods, Yoplait USA; Colby dir, Minnetonka div; Madelon Gryll, mgmt rep, Minnetonka div.

Grey Advertising, New York—Red Lobster Inns, York's Choice, Olive Garden, Leeann Chin's restaurants—Stew Hegleman, exec vp-mgmt rep.

Hill, Holliday, Connors, Cosmopulos, Boston—Talbots—Pat Casale, mgmt super; Kathy Sharpless, acct super; Diana Dunbar, acct exec.

Laurence, Charles, Free, & Lawson, New York—Gorton Fish, Market Fresh—Susan Hessler, acct exec.

Red Barron/Midland Advertising, Minnetonka, Minn.—foodservice, bakery flour—Bob Hollenbeck, mgmt super; Susan VanMaasdam, acct exec.

Saatchi & Saatchi DFS Compton, New York—Big G cereals (Cheerios, Clusters, Fiber One, Honey Nut Cheerios, Total, Total Oatmeal, Kix, Trix, Lucky Charms, Cocoa Puffs, Monster Cereals, Pac-Man, Circus Fun, Raisin Nut Bran, new prods), Gold Medal flour, Gold Medal Whole Wheat blend flour—Freeman Bunn, exec-vp mgmt dir; Marion D. Sims, Michael Burns, mgmt supers; Anne Altmaier, James Mayer, George Carey, acct supers.

Saatchi & Saatchi DFS, San Francisco—Betty Crocker pancake mix, Wheat Hearts hot cereal, LaPina flour, Soft as Silk cake flour, new prods—Brian Burns, mgmt super; Dorrie Hipschman, acct super; Cheryl Pierce, acct exec.

Wattenmaker, Cleveland—Gorton's seafood, special assignments—James S. Wattenmaker, acct mgr.

Florida law taxing to GF

When Florida passed a 5% tax on advertising, General Foods cancelled 90% of its ad budget in the state, banned future meetings there, and David Hurwitt, VP-marketing services, cut loose with: "There will always be disagreement on economic theory, but for individuals and businesses operating on this side of Oz, this [tax] is absolutely ridiculous."

sweep' stakes, plus

SWEEPSTAKES AND GAMES: THE TIP OF THE ICEBERG.

Because there's more to sales promotion than sweepstakes and games, at Don Jagoda Associates we do more than just create and execute sweepstakes and games.

re' bates

We work with advertisers and their agencies on planning and administering refund/rebate offers. We screen and verify all responses, very painstakingly, and return cash or coupons according to the terms of the offer. We're very careful when it comes to handling other people's money.

in·cen'tives

Because we know sometimes it takes more than money to motivate sales people, brokers, distributors and dealers, we help create and implement incentive programs. We know where and how to buy the prizes that will help increase sales, within budget.

pre'mi·ums

Looking for premiums or self-liquidators? We can help you there too. Our premium buyers shop the world looking for the right items to produce the right responses.

ful·fill'ment

And, with our ever expanding facilities, we have streamlined and expanded our capabilities for fulfillment. Getting the right merchandise to the right person on time, intact, is as important as getting people to respond to your offer.

sweep'stakes

Finally, if you decide to get involved in sweepstakes and games, the most visible tip of the promotional iceberg (in five years, sweeps have almost tripled in number), our more than 21 years of experience can be invaluable. We'll help you conceptualize, administer and—through our National Judging Institute—judge your promotion. We go out of our way to help our clients avoid the myriad pitfalls that can befall the unwary promoter.

When it comes to promotion, whether it's the very visible type or the not so visible but very effective nitty gritty variety, you have our number.

sweep' stakes

don jagoda associates, inc.
One Underhill Boulevard, Syosset, New York 11791
(516) 496-7300

General Motors Corp.

RANK
5

Detroit

($ in millions)

Worldwide	1986	1985	% chg
Sales	102,814	96,372	6.7
Net income	2,945	3,999	(26.4)
U.S.	**1986**	**1985**	**% chg**
Sales	91,343	89,099	2.5
Operating profits	3,058	3,624	(15.6)
Advertising	839	779	7.7
Division sales	**1986**	**1985**	**% chg**
Automotive	90,864	N/A	N/A
Nonautomotive	7,493	N/A	N/A
Defense	7,761	N/A	N/A

Problems and controversy dogged General Motors Corp. in 1986, a year in which the company's earnings trailed those of archrival Ford Motor Co. for the first time in 62 years.

A $750-million stock buyout of GM's best-known critic, Electronic Data Systems founder H. Ross Perot, contributed to a growing public perception that something had gone awry at the world's largest industrial corporation. It was a messy breakup, following an acrimonious feud between Mr. Perot, the billionaire Texan, and GM Chairman Roger Smith.

GM's share of the U.S. car market slipped for the second straight year, amid widespread complaints that many of its models—especially in its profitable, big-car lines—lacked style and distinction.

Its own problems led GM to squeeze its suppliers, including ad agencies. GM divisions restructured fee arrangements with their agencies in the summer of 1986, reducing commissions in most cases to 12.5%. Industry sources indicated GM's ultimate goal was to lower the commission on media buying to 9%, although that would be partially compensated by paying fees for collateral work formerly done free.

GM also was forced to scale back its ballyhooed import-fighting project, Saturn Corp. Saturn officials cut in half initial production goals. The production of some 250,000 cars a year, starting in 1990, is now planned.

GM's financial results continued to decline in the first half of 1987. For the first six months, earnings amounted to $1.903 billion, down 14.2% from the prior year period. Sales for the first half totaled $52.8 billion, down 2.9% from 1986 first half.

Results would have been worse except for strong contributions from GM's nonautomaking subsidiaries. For the first half of 1987, finance arm General Motors Acceptance Corp. earned $893.2 million, up 55%; computer services subsidiary EDS had a profit of $136.6 million, up 15%; GM Hughes Electronics, the subsidiary that includes Hughes Aircraft and Delco Electronics, earned $278.8 million, up 12%.

Mr. Smith told analysts this April that the company was putting a new emphasis on profitability, even if that meant some sacrifice in market share. To curb costs, the company reduced its salaried rolls by 23,000 persons from mid-1986 to the middle of 1987. GM in late 1986 also announced plans to close 11 plants as part of an attempt to cut operating costs by $10 billion by 1990.

GM's share of the U.S. new-car market, which was 44.44% in 1984 and 42.09% in 1985, fell to 40.98% in 1986. This compares with No. 2 Ford, which had an overall 18.2% share, down from 18.8% in 1985. The decline continued in the first half of 1987, as GM's share fell to 37.59%.

Despite the share decline, GM's total U.S. car sales were the best since 1979. Total unit sales were 4,693,161 in 1986, up nominally from 1985. For the year, Chevrolet posted a 2% gain, Pontiac, a 5.6% gain, and Cadillac, a 1.8% gain in unit sales. Oldsmobile unit sales were off by 0.6%, while Buick dropped 9%. GM's total 1986 U.S. truck sales were 1,592,641, down 3.6%.

Industry car and truck sales both set records in 1986, reaching 11.46 million and 4.86 million, respectively.

The record car pace was attributable to the biggest consumer incentive promotion in automotive history, initiated when GM announced consumer loans of as low as 2.9% to clear out 1986 models before the October launch of 1987 models. GM's incentives were announced with a GMAC ad campaign themed "The Big One," created literally overnight by agency Campbell-Ewald Co. GM and the agency were able to block out huge amounts of time and space without tipping off the competition.

But GM's domestic competitors and a few importers soon followed suit, luring unprecedented numbers of buyers into the marketplace. It was the biggest sales month ever for domestic cars and the second-highest ever for imports.

GM and the industry also got a late-year sales boost from a pending change in U.S. tax laws. Buyers flocked to showrooms in late December so they could take advantage of deductions that were to be phased out beginning in 1987.

But the sales spurts from incentives and from the tax law changes caused an early 1987 dropoff in sales, because they drew in many customers who otherwise would have waited several months before buying. At mid-year, corporate economists for the Big 3 were forecasting total car sales for the year would be down about 13%, although truck sales would end up about even.

GM responded in August 1987 with a new broad-based incentives program, with consumer loans as low as 1.9%, which was quickly copied by its domestic competitors. Initial reaction suggested the program would boost sales from the lackluster totals of earlier in the year but wouldn't be the sweeping success of the 1986 program.

In an effort to develop more distinctive brand identities, four of the five GM passenger car divisions changed ad theme lines and direction as they entered the 1987 model year. The only one to keep its direction was Pontiac, which continued to follow a long-range image strategy begun in 1982 when it decided to emphasize sporty, expressive products.

Under the theme line of "We build excitement," the vast majority of Pontiac advertising, via D'Arcy Masius Benton & Bowles, was aimed at showing the sportiest of its models, such as the Fiero GT, Grand Am SE and the restyled Bonneville. Pontiac continued the "Conversations" theme begun in the 1986 model year, in which target customers are shown in warm, gently humorous slice-of-life stories.

Pontiac launched its first captive import in June 1987, the LeMans subcompact built by Korea's Daewoo Motor Co. on a design by GM German subsidiary Opel Kadett. At $5,995, the base model LeMans gave Pontiac an entry-level competitor against a rush of new imports such as the Korean-built Hyundai Excel and Yugoslavian-built Yugo GV. "L'affordable, L'exciting, L'imported, LeMans," read the headline for one magazine ad that touted the car as "a new form of driving excitement."

Chevrolet's new ad direction was a contemporary execution of its longstanding claim as the mainstream American car brand.

The introductory ads for the new "Heartbeat of America" campaign brought together a pulsating rock score with striking visuals used in quick-cut vignettes. Chevrolet agency Campbell-Ewald and Crushing Enterprises, New York, which developed and produced the music, won the ADVERTISING AGE Advertising Music Awards competition in the original-music category for "Heartbeat of America."

The campaign was aimed at Chevy's target audience: first-time car buyers, women and persons under 35. Chevrolet's share of total GM car sales grew during both calendar and model year 1987. In June 1987, 42.4% of all GM cars sold were Chevrolets, compared to 38.9% in the same period a year earlier.

Chevrolet had its biggest new-launch period in three decades in early 1987. It put its new compact cars, Corsica and Beretta, on sale March 12, and followed that six weeks later with the introduction of its new full-size pickup. The media blitz for the introductions included run-

Alaska Journal of Commerce
Capital District Business Review (Albany)
Atlanta Business Chronicle
Austin Business Journal
Baltimore Business Journal
Billings Business Journal
Idaho Business Review (Boise)
Boston Business Journal
Business First of Buffalo
The Business Journal (Charlotte)
Cincinnati Business Courier
Business First of Columbus (OH)
Southern Connecticut Business Journal
Dallas/Ft. Worth Business Journal
Denver Business Journal
Business Record (Des Moines)
Hartford Business Journal
Pacific Business News (Hawaii)
Houston Business Journal
Indianapolis Business Journal
Jacksonville Business Journal (FL)
Kansas City Business Journal
Los Angeles Business Journal
Business First of Louisville (KY)
South Florida Business Journal
The Business Journal (Milwaukee)
Minneapolis/St. Paul CityBusiness
New Hampshire Business Review
New Orleans CityBusiness
The Journal Record (Oklahoma City)
Orange County Businessweek (CA)
Orlando Business Journal
Philadelphia Business Journal
Greater Phoenix Business Journal
Pittsburgh Business Times-Journal
The Business Journal (Portland)
Providence Business News
Richmond Business Journal
Rochester Business Journal
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ning spots on every NBC prime-time program March 13-19 for the cars and April 18-25 for the trucks.

Beretta TV spots featured dissolves between the car and a shark while voiceover urged the viewer to "Discover a new species." Corsica spots showed sand blowing over the car in a desert setting, with voiceover saying, "The winds of change are blowing at today's Chevrolet." Creative for the truck introduction compared the vehicle to a "leaner, meaner" grizzly bear.

Chevrolet also linked the three new-vehicle introductions in a merchandising program with Procter & Gamble; the campaign was touted as the biggest cross-promotional effort ever. Chevrolet gave away 750 vehicles worth $9 million in the promotion, in which paper keys were placed inside 200 million boxes of seven P&G products. Chevy dealers, however, gave the effort mixed reviews, with many saying it failed to produce significant numbers of buyers despite drawing increased showroom traffic.

Buick and Oldsmobile divisions had a difficult time establishing distinct identities, a problem caused both by look-alike models and by waffling on what images they wanted to project.

Buick abandoned its 30-year-old theme, "Wouldn't you really rather have a Buick?" and steered away from yuppies in its 1987 model ad launch via McCann-Erickson. Actor Hal Holbrook was brought on board as the new broadcast ad spokesman in a campaign with the theme line, "Buick. Where better really matters." The campaign tried to evoke the traditional image of a Buick as "the doctor's car," even showing a 1955 Buick Roadmaster in the introductory TV spot. The campaign failed to stem Buick's sales slide, leading to calls for change from the Buick Dealer Council, which also wanted a spokesman younger than Mr. Holbrook.

Buick took its first step toward a new strategy with an upbeat summer 1987 broadcast campaign themed "Oh, Buick," with music adapted from the 1957 Buddy Holly hit, "Oh, Boy." Buick also was preparing an image-oriented campaign for 1988 models, including the Regal, the first car to come out of GM's $5 billion GM-10 midsize car program.

Oldsmobile began to shed its conservative image in an effort to capture the sportier upscale car market. Its new ad theme line was "Oldsmobile quality. Feel it." Golf pro Fuzzy Zoeller replaced actor Dick Van Patten as ad spokesman in an attempt to create a younger image. Olds introduced a sporty version of its Toronado, the Trofeo, in mid-model year as part of the effort to win younger customers. But when it came to advertise a 90th anniversary sale in August 1987, it selected 91-year-old George Burns as spokesman.

Cadillac's big news was the introduction of the $54,700 two-seater convertible Allante in February 1987, its first entry into the ultra-luxury market dominated by European makers such as Daimler-Benz. The car was designed by Italian stylist Sergio Pininfarina. Bodies were built at Pininfarina's facility in Turin, Italy, then shipped by airplane to Detroit where they were assembled at GM's new Detroit-Hamtramck Assembly Center.

Allante advertising represented it as "The new spirit of Cadillac," and the division was hoping the car would lead a long-range repositioning of the division to better compete with European makes.

Cadillac employed several unique approaches to reach the super-affluent target market for Allante, including a direct-market campaign using VHS videotapes and sponsorship of a series of dinner party-concerts held in the homes of the rich and famous. Cadillac's first-year production capacity of about 5,000 Allantes was quickly sold out to dealers.

GMC Truck division continued its theme "It's not just a truck anymore" as it reached for an upscale audience by differentiating its products from comparable Chevrolet trucks.

Its new full-size Sierra pickup was launched in June 1987 with lifestyle-oriented TV spots and print ads. The campaign featured actor Madison Mason portraying a maverick-type entrepreneur who combines jeans and cowboy boots with coat and tie and owns a Sierra for his upper-crust sportsman activities.

The GM board of directors in May 1987 elected Exec VP Robert Stempel to be president-chief operating officer, effective with the September retirement of F. James McDonald. Exec VP Donald Atwood was elected to the vacant post of vice chairman.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	146,430	140,979
Magazines	129,409	107,524
Newsp. supp.	8,268	2,594
Bus. pubs.	10,256	9,332
Farm pubs.	2,263	1,953
Network TV	233,786	209,898
Spot TV	49,192	49,067
Network radio	22,212	9,034
Spot radio	35,153	27,942
Outdoor	2,731	3,633
Network cable	7,203	4,724
Total measured	646,904	566,680
Unmeasured	192,096	212,320
Total	839,000	779,000

GENERAL MOTORS CORP.

3044 W. Grand Blvd.
Detroit, Mich. 48202
(313) 556-5000

Corporate Personnel

J.W. McNulty, vp-pr
G.H. Pruette Jr., dir-public affairs adv
Hugh Wells, mgr-creative svcs
R.T. Beaman, sr staff asst, public affairs adv

Advertising Agency

N.W. Ayer, Detroit—Robert Kingsbury, sr vp-mng dir; Richard N. Prince, sr vp-mgmt super; R.C. Morrison, Deborah Worell, vps-acct supers; Catherine Teeple, Annette Merritt-Cummings, sr acct execs; Debra Jacopelli, acct exec.

CHEVROLET MOTOR DIVISION

Warren, Mich.

Marketing Personnel

R.D. Burger, vp-genl mgr
R.W. Starr, genl sales & svc mgr
T.A. Staudt, genl mktg mgr
M.H. Erdman, asst genl sales mgr-field
J.M. Kelley, mktg mgr-trucks
T.R. Mason, mktg mgr-passenger car
D.K. Colliver, mgr-passenger car adv
T.P. Cutler, mgr-truck adv
R.J. Kramer, dir-pr

Advertising Agency

Campbell-Ewald Co., Warren, Mich.—Robert (Ham) Schirmer, exec vp, agency dir-client svcs.; Sean K. Fitzpatrick, exec vp-creative dir; William J. Tausch, exec vp; A.J. Hopp, group sr vp, group mgmt super-regional; D.D. Williams, group sr vp, group mgmt super-passenger car adv; F. Fraser, vp, dir-auto mktg; L.M. Schultz, exec vp, dir-media svcs; B. Tisdale, sr vp, mgmt super-passenger car merch; J.A. Barczyk, group sr vp, group mgmt super-truck adv & merch.

PONTIAC MOTOR DIVISION

Pontiac, Mich.

Marketing Personnel

J.M. Losh, genl mgr, GM vp
R.A. Dutton, dir, Project 21 implementation
D.A. Hansen, dir, Pontiac mkt & prod planning
J.L. Losch, dir, fleet sales
J.D. Murray, dir-mktg
D.W. Logie, asst genl sales & svc mgr, dealer/customer svc
E.M. Schlesinger, genl sales & svc mgr
H.S. Christie, asst genl sales & svc mgr-Central
E (Gar) H. Smith, mgr, natl dealer adv
R.W. Hawley, mgr-mktg comm
W.J. O'Neill, dir-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Stephen C. Kopcha, exec vp, exec creative dir; George M. Rogers, sr vp, dir-media svcs; Mark Gjovik, sr vp-mgmt super; Rob Carr, vp-acct super; Richard Halladay, sr acct exec; Steve Brown, James Holman, Mike Talovich, Robert Nicholls, Teresa Reed, acct execs; Patricia Brown, acct mgr; Noel Nauber, sr vp-group creative dir.

BUICK MOTOR DIVISION

Flint, Mich.

Marketing Personnel

E.H. Mertz, vp & gen mgr
R.E Coletta, genl sales mgr
J.J. Faerber, asst genl sales mgr-southeast
R.J. Adams, asst genl sales mgr-central
W.K. Ramsey, asst genl sales mgr-west
F.H. Dorgin, asst genl sales mgr-northeast
L.D. Robbins, asst genl sales mgr-service
D.E. Clark, genl mktg mgr
J.W. Qualman, genl dir-adv
T.L. Pond, dir-pr

Advertising Agencies

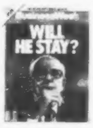
McCann-Erickson Worldwide, New York—John J. McNamara, chmn-McCann USA.

McCann-Erickson, Troy, Mich.—Gerald C. Atkin, exec vp-genl mgr; Jan D. Starr, sr vp-mgmt super; Richard A. Hill, vp-group acct super, natl; Glynn L. Armitage, vp-group acct super, regional; Harold W. Randall, vp-acct super, prod info; Jim Moore, vp-acct super; James L. Ramsey, sr vp-exec creative dir; W. Brien Schweickert, sr vp-media dir; Jan L. Woznack, sr vp, dir-mktg svcs.

Forbes

Fortune

The Wall Street Journal



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OLDSMOBILE DIVISION
Lansing, Mich.
Marketing Personnel

W. Lane, vp-genl mgr
E. Lahti, genl sales & svc mgr
E. Christell, genl mktg dir
B. Jarboe, dir-mktg
R.J. Billings, adv mgr
A.R. Buenz, dir-pr

Advertising Agency

Leo Burnett Co. of Michigan, Southfield, Mich.—John C. Ryan, exec vp-genl mgr; Ted Jordan, sr vp, client svc dir; Roger K. Bailey, Michael O'Neal, vps-acct supers; Joseph P. Henry, vp-media dir; William F. Swink Jr., vp, acct super, merch & promo; Roger Bodo, vp-creative dir-Detroit; Lawrence Doyle, Randall Lewis, Pamela Dunn, acct execs.

CADILLAC MOTOR CAR DIVISION
Detroit, Mich.
Marketing Personnel

J.O. Grettenberger, vp-genl mgr
P.R. Gerosa, genl sales & svc mgr
R.L. Forbush, asst genl sales mgr-field
C.E. Hendrix, asst genl sales mgr-admin
W.R. Lewellen, asst genl sales mgr-svc
E.R. Torre, asst genl sales mgr-mktg
P.R. Levin, natl dir-adv
L.P. Anderson, asst mgr, CDMA
B.A. Badger, asst mgr-adv
J.P. Churchvara, asst mgr, CDMA
F.M. Teach, asst mgr, adv
S.J. Perelli, dir-pr

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—George M. Rogers, sr vp, dir-media svcs; Kenneth D. Sidlow, vp-group creative dir; John K. Johnson, vp-acct super; Tim Copacia, acct exec.

GMC TRUCK DIVISION
GM TRUCK & BUS GROUP
Pontiac, Mich.
Marketing Personnel

Lloyd E. Reuss, exec vp-GMC, head—C-P-C, B-O-C, truck & bus group
Charles Katko, vp-GMC, group exec
Patrick J. Coletta, vp-GMC, group dir
John D. Rock, genl mgr-GMC truck div
Duncan A. Brodie, genl salers mgr-GMC truck div
Ray E. Rota, asst genl sales mgr
Rick M. Lee, dir-mktg
Donald C. Huss, dir-pr
Candace M. Robbins, adv & publications mgr, GMC truck div

Advertising Agency

McCann-Erickson, Troy, Mich.—Gerald C. Atkin, exec vp-genl mgr; Ronald F. Gauss, sr vp; Steve Olson, vp-acct super; Martin M. Schemm, acct super; Glenn Sutherland, acct exec; James L. Ramsey, sr vp, exec creative dir; W. Brien Schweikart, sr vp-media dir.

GENERAL MOTORS PARTS
Detroit, Mich.
Marketing Personnel

J.T. O'Connor, genl sales mgr
E.J. Carey, sales mgr, east
S.D. Segalini, sales mgr-central
E.L. Schreitmueller, sales mgr-west
K.F. Robinson, adv mgr
F. Pardo, mktg mgr

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Theodore Teegarden, exec vp-mgmt super; Charles S. Brandt, vp-group acct super; Cheryl A. Kerns, Suzanne Doyle, Barbara Resinicoff, acct execs.

GENERAL MOTORS ACCEPTANCE CORP.
Detroit, Mich.
Corporate Personnel

J.R. Edman, chmn
G.R. Samardich, vice chmn
R.M. McCarthy, president
J.M. Durrie, group vp-mktg
G.G. Fenner, exec vp-operations
C.A. Krauss Jr., vp-public affairs & adv

Advertising Agency

Campbell-Ewald, Warren, Mich.—Robert (Ham) Schirmer, agency dir-client svcs; John S. Momeyer, group sr vp; Martin F. West, sr vp.

SATURN CORP.
Troy, Mich.
Marketing Personnel

R.G. LeFauve, president
D.W. Hudler, vp-mktg
Bruce G. MacDonald, vp-corp comm

TENNESSEE OPERATIONS
Spring Hill, Tenn.
Marketing Personnel

Laurie Kay, community relations

GM SERVICE PARTS OPERATIONS
Detroit, Mich.
Marketing Personnel

A.M. Long, exec in charge
V.R. Peters, genl dir, sales& mktg, U.S.
C.S. Wagner, dir-mktg
D.E. Poole, dir-pr

AC-DELCO
Detroit, Mich.
Marketing Personnel

A.H. Schwerzel, genl sales mgr, warehouse distributors
G.S. Cashion, genl sales mgr, natl accts
R.L. Korth, sales mgr, warehouse distributors-west
J.M. McKenzie, sales mgr, warehouse distributors-east
C.A. Lamberson, area sales mgr, natl accts-east
P.D. Cody, area sales, mgr, natl accts-west
B.J. Snelson, adv mgr
D.J. Smith, mktg mgr

Advertising Agency

Campbell-Ewald Co., Warren, Mich.—Robert (Ham) Schirmer, exec vp, agency dir-client svcs; Louis M. Schultz, exec vp, dir-media svcs; Sean K. Fitzpatrick, exec vp, dir-client svcs; Michael J. Brogan, vp-sr acct super; Jeffrey T. Seregny, Jeffery A. Jacobs, sr vps-mgmt supers; Paul C. Curtis, vp-acct super; Lori Megown, sr acct exec; Paul Andrews, Dorothy Macha, asst acct execs.

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MKTG & PROD PLANNING
Detroit, Mich.
Marketing Personnel

J.G. Middlebrook, vp
Philip Guarascio, exec dir-adv svcs
D.J. Teasdale, dir-adv
H.D. Weed, cons influence analysis
M.A. Browner, genl dir-media operations
D.P. Bolen, asst adv mgr
M.G. Wright, adv super

Advertising Agency

D'Arcy Masius Benton & Bowles, Bloomfield Hills, Mich.—Ronald Monchak, mng dir; Theodore T. Teegarden, exec vp-mgmt super; William A. Mara, vp-acct super; Stephen C. Kopcha, exec vp-creative dir.

Gillette Co.

RANK **62**

Boston

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,818	2,400	17.4
Net income	16	160	(90.1)
U.S.	**1986**	**1985**	**% chg**
Sales	1,101	1,025	7.4
Operating profits	143	169	(15.2)
Advertising	130	161	(19.5)
Division sales	**1986**	**1985**	**% chg**
Blade & razors	903	794	13.7
Toiletries	854	730	17.0
Writing instr.	298	270	10.4
Braun	567	414	37.0
Oral-B, misc.	196	192	2.1

Advertising budgets were not exempt from Gillette Co.'s restructuring precipitated by the company's battle against the hostile takeover attempt by Revlon Group in November 1986. Gillette successfully fought off two attempts, although Revlon remained undaunted, launching a second bid in less than a year in late August.

Gillette parried the first two and is mustering resources to combat the third, but the initial victories registered during Gillette's fiscal year have been costly: Gillette spent $558 million to buy out Revlon's position.

Despite the takeover attempt by Revlon Chairman Ronald O. Perelman, Gillette's 1986 performance was positive. Before special charges relating to the takeover attempt and the subsequent restructuring, the company posted operating profit of $411 million, up 8% over the year before. But after calculating the special takeover and restructuring-related charges, profit from operations declined 39% to $232 million and net income and earnings per share were 90% below 1985 levels.

The battle with Revlon will affect Gillette for years to come because it has redirected the company's focus to the short term. The lesson Gillette learned is that it must be more concerned about quarterly results and generate the kind of short-term earnings that will keep the stock price high and investors happy.

To put that lesson into practice, in December 1986 Gillette began a complete corporate restructuring—in effect, a downsizing. Gillette is shedding marginal businesses, laying off some 2,400 or 8% of its worldwide workforce and emphasizing high growth portions of the company, reports Brian McFarland, VP-advertising services.

Industry analysts expect the company's performance to improve. "We are expecting about a 35% increase in profits in both 1987 and 1988," says Diana Temple, analyst at Salomon Brothers in New York.

The restructuring is affecting all Gillette marketing. "It has called into focus the payback of all marketing programs. We've had to take a harsh view of major spending versus expected performance. We're looking more closely at cost/benefit," says Mr. McFarland.

Measured media spending continued to drop, from $86.2 million in 1985 to $69.4 million in 1986. By comparison, the company spent $93.8 million in measured media in 1983, according to BAR/LNA. Spot TV expenditures were halved, to $8.1 million in 1986. Network TV plunged 26.3% to $39.5 million in 1986.

Cable TV spending in 1986 soared to $7.7 million from $1.9 million in the prior year. "On a percentage basis, we are a leading spender on cable. We have a heavy commitment, and we continue to believe in it because it delivers an extremely efficient CPM," says Mr. McFarland.

Magazine spending increased 6.7% to $12.8 million. Small increases in Gillette's magazine advertising are circumstantial, reflecting timing more than any deliberate major shift from broadcast to print, says Mr. McFarland. He expects to see slow, steady increases in magazine advertising. "As broadcast is chewed up budget-wise, print is an alternative," he says.

Ms. Temple questions the company's ability to cut back marketing efforts and still move ahead. "Gillette has not had a major new product launch in recent years," she says, adding that new products are the force that powers the growth of consumer packaged goods companies like Gillette.

Among its shaving products, Gillette extended its Good News line with a disposable razor that incorporates a lubricating strip similar to Atra's. The company is offering both versions of the Good News razor.

The Good News line of toiletries is continuing in test market on the West Coast and will probably remain in test market for another year, says Mr. McFarland. "It's toiletries line is a radical break, and we intend to go slowly, carefully. A national rollout is a very substantial commitment," he says.

It is a complete line of price-competitive, no-frills toiletries. The idea is to capture a consumer's entire toiletries, health and beauty aids needs with a single brand. "It's very tricky because the brand crosses over so many categories," says Mr. McFarland.

Making the Good News toiletries effort even more difficult is the fact that it conflicts with the way the trade stocks and displays the individual items, making the line a radical departure for the industry, says Mr. McFarland. Gillette wants the entire line displayed together.

Gillette Co. recently made three significant acquisitions. In 1986, the company added Lustrasilk haircare products in the United States and La Toja toiletries in Spain. In early 1987, it gained Waterman writing instruments from France.

Sports continue to play a major role in marketing Gillette's male-oriented products, but the company's sports focus is changing. The company could not come to terms with Major League Baseball over Gillette's long-standing sponsorship of the All-Star balloting. "Major league baseball wanted to change the structure, and we didn't like the changes," Mr. McFarland says. The changes, essentially, were additional fees.

Gillette replaced the All-Star balloting promotion with its Cavalcade of Sports promotion, which allows consumers to win trips to major sporting events escorted by former greats in that sport. "It has been very successful. It allows a much greater span of interest," says Mr. McFarland.

The company will be a major sponsor of the World Series, but it is de-emphasizing baseball overall in favor of the NFL football games and NBA basketball and, on the college level, NCAA football and basketball.

Football and basketball deliver "a younger audience," says Mr. McFarland. He indicates the company will take a major sponsorship position with the NCAA Final Four basketball tournament.

Gillette, while continuing to be a network TV advertiser, is not actively participating in the upfront network TV market. "The investment generally hasn't been rewarding in our circumstances," he says, because Gillette doesn't require exclusive positions. Instead, the company will work the scatter market for its TV buys.

The company continues its commitment to 15-second TV spots. "We believe it is effective communication for established brands," Mr. McFarland says. He uses longer spots for new brands.

In this year of upheaval, Gillette applied its restructuring to its advertising agency relationships. This also contributed to the drop in advertising spending. "Some of the drop is the result of moving lines to new agencies, and we're waiting for the new campaigns," says Mr. McFarland. Gillette removed Young & Rubicam from all products and Lowe Marschalk U.S. from all but the Braun account.

N W Ayer came up the big winner, picking up the company's Right Guard and Silkience lines from Y&R and the Toni product line from Lowe Marschalk. N W Ayer continues to handle Gillette's White Rain and other small personal care lines.

BBDO Worldwide, the other big winner in the restructuring, has added Dry Idea and Soft & Dry while it continues to handle all the shaving lines. McCann-Erickson continues to handle Gillette's writing instruments. Chiat/Day, San Francisco, handles Oral-B toothbrushes. Hill, Holliday, Connors, Cosmopulos, Boston, handles Liquid Paper and the Good News toiletries line currently in test market. HHCC also picked up Aapri facial cleaning products, which were moved from N W Ayer because of a potential client conflict.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	436	488
Magazines	12,815	12,057
Newsp. supp.	139	124
Bus. pubs.	186	315
Network TV	39,452	53,635
Spot TV	8,109	16,119
Network radio	237	1,093
Spot radio	242	355
Network cable	7,738	1,988
Total measured	69,354	86,174
Unmeasured	60,220	74,826
Total	129,574	161,000

GILLETTE CO.
Prudential Tower Bldg.
Boston, Mass. 02199
(617) 421-7000
ADVERTISING SERVICE DIVISION

Brian E. McFarland, vp
Thomas A. Lux, media dir
John D. Waip, dir-adv production

SAFETY RAZOR DIVISION
Marketing Personnel

Derek W.F. Coward, vp-mktg
William Flynn, mktg mgr-disposable razors
Robert Leger, mktg mgr-permanent refillable razors
W. Scott Roberts, vp-sales

Advertising Agency

BBDO, New York—Atra, Good News!, MicroTrac, Trac II, Daisy—Ken Rodgers, exec vp-sr mgmt rep; Michael Paxton, sr vp-mgmt super; Phil Dusenberry, vice-chmn, exec creative dir; Ted Sands, exec vp-creative dir; Harvey Hoffenberg, sr vp-assoc creative dir; Lenny Kruse, acct coord; Helen Ix, acct exec, Good News!, Atra.

PERSONAL CARE DIVISION
Marketing Personnel

Robert N. Forman, vp-mktg
John Darman, mktg mgr-styling aids, shaving preps
Carole Johnson, mktg mgr-deodorants, antiperspirants
M. Gage Heath, mktg mgr-new prods & skincare

Advertising Agencies

N W Ayer, New York—Dippity-Do, White Rain, Mink Difference, Toni Home Wave, Right Guard, Silkience—Janet Keeler, sr vp-mgmt super.

BBDO, New York—Soft & Dri, Dry Look, Dry Idea, Brush Plus, Foamy—Anthony Brescia, vp-mgmt super.

Hill, Holliday, Conners, Cosmopulos, Boston—Good News toiletries, Aapri—Justin Harrington, sr vp-mgmt super; Kathleen Driscoll, acct super; Anita Letendre, acct exec.

PAPER MATE DIVISION
Marketing Personnel

Chip Hanafee, vp-mktg
Michelle Stacey, mktg mgr, new prods
R.D. Warren, mktg mgr, existing prods
Scott G. Searle, sr prod mgr, Stick Pens, Rollersticks, Erasermate II
James Ricci, sr prod mgr, Liquid Paper
Danene Jaffe, prod mgr, FlexiGrip, Waterman
Anne Kelly, prod mgr, Metal Roller/E.P.

Advertising Agencies

Hill, Holliday, Connors, Cosmopulos, Boston—Liquid Paper—Pat Casale, mgmt super; John Riley, acct super.

McCann-Erickson, New York—Paper Mate ball-point pens, Eraser Mate, Flair porous prods, Accu-Point, Sharpwriter, Advancer, Rollerstick—Ian Hooper, sr vp-mgmt rep, Larry Coppersmith, acct super.

JAFRA COSMETICS
Westlake Village, Calif.

Ronald B. Clark, president

ORAL—B LABORATORIES
Redwood City, Calif.

Jacques Lagarde, president
Glenn Archibald, president, U.S. div

Advertising Agency

Chiat/Day, San Francisco—Oral-B toothbrushes—Wayne Fulcher, mgmt super; Andrea Alfano, acct super; Kelly Nice, acct exec.

BRAUN INC.
Lynnfield, Mass.

John W. Dickman, genl mgr

Advertising Agency

Lowe Marschalk, New York—Braun shavers, appliances—Roger Stone, acct super; Jim Overend, acct exec.

Goodyear Tire & Rubber Co.

RANK **52**

Akron, O.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	9,103	8,378	8.7
Net income	124	412	(69.9)
U.S.	**1986**	**1985**	**% chg**
Sales	5,822	5,493	6.0
Operating profits	97	397	(75.6)
Advertising	162	150	8.3
Division sales	**1986**	**1985**	**% chg**
Tires	7,844	7,176	9.3
Industrial rubber	1,136	1,102	3.1
Oil & gas	63	37	73.2
Other	60	64	(6.1)

Goodyear Tire & Rubber Co. increased total ad spending and revamped its consumer ad campaign in late 1986 to use a single theme, "Goodyear, Take Me Home," on a global basis for all of its tire advertising. But the significance of the move was overshadowed by a grueling takeover battle the company fought with Anglo-French financier Sir James M. Goldsmith in October and November.

The struggle ended Nov. 20 when Sir James agreed to sell back his 11.5% share in the company for $620.7 million, netting a profit estimated at $93 million. In return, Goodyear remained independent. But the company was forced to restructure to pay for a stock buy-back of 40 million of its own shares at $50 each.

Within two months Goodyear sold its aerospace subsidiary, farm and resort properties in Arizona and motor wheel division, and placed on the block its energy subsidiary, deflating Chairman Robert E. Mercer's diversification plan for the company.

The takeover battle also damaged Goodyear's bottom line. Worldwide net income dropped 70% to $124.1 million in 1986. U.S. sales remained even; operating profits dove 75.6% to $97 million.

The "Goodyear, Take Me Home" global campaign, which was launched in the midst of the takeover furor, brought together J. Walter Thompson Co., which handled Goodyear's North American advertising, and McCann-Erickson, which covers the company's international efforts. Some observers say, however, JWT's permanence on the account could be tenuous.

When JWT itself became the object of a takeover attempt by British-owned WPP Group PLC earlier this year, Goodyear warned it would drop its account with JWT if WPP were successful. After the buyout went through, Goodyear put JWT under review, where it remains at presstime, according to a spokesperson for the tiremaker.

Goodyear used an emotional pitch in its new campaign in 1986, following the success the past two years of competitor Michelin's "baby" spots that feature infants cavorting with tires in an obvious statement on safety. The campaign influenced increases in all media at Goodyear except national magazines, which dropped 7.7% to $10.9 million.

Despite the increased ad budget, Goodyear saw a slight decline in its share of the overall domestic tire market, according to Harry Millis, an industry analyst with McDonald & Co. Securities Inc. of Cleveland. He estimated Goodyear's share of the U.S. tire market declined to 31% in 1986 from 32% in 1985. Firestone Tire & Rubber Co. ranked second and Uniroyal Goodrich Tire Co. third, each with about 16%.

In addition to its other problems in 1986, the company's best known image—the Goodyear blimp—had its advertising air supremacy challenged by another such airship owned by Fuji Photo Film USA Inc. A third blimp, flying McDonald's Corp.'s colors, also took to the air briefly. Goodyear filed lawsuits in two states in

January 1986 against Fuji to prohibit it from using the blimp in its advertising, but settled the matter out of court in mid-1987.

While Goodyear remains tightlipped about advertising plans for the second half of 1987 and next year, it no doubt plans to place greater emphasis behind its tire operations.

Goodyear's sales from tires and transportation products have increased to about 85% from 80% after its restructuring. It has acquired two large independent tire dealer chains since last fall, increased its ownership in a manufacturer of tread rubber, improved its tire holdings overseas and is making money in 1987. In the first half of 1987, it posted net profits of $425.2 million, compared with $54.6 million in the first six months of 1986. Sales improved 9.9% to $4.86 billion.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	65	32
Magazines	10,900	11,807
Newsp. supp.	125	0
Bus. pubs.	2,310	1,884
Farm pubs.	785	640
Network TV	18,100	17,781
Spot TV	8,226	7,980
Network radio	8,214	5,363
Spot radio	494	469
Outdoor	438	102
Network cable	743	495
Total measured	50,399	46,552
Unmeasured	111,459	102,952
Total	161,858	149,504

GOODYEAR TIRE & RUBBER CO.
1144 E. Market St.
Akron, O. 44136
(216) 796-2121

Advertising Personnel

James K. DeVoe, vp, mkt planning & rsch
Robert L. Gray, dir-prod adv
Davis M. Jones, dir-retail adv
Donald G. Clark, dir-intl adv
Roger L. Zwingler, dir-Canada
Ed D. Easley, mgr-creative adv
James N. Neawedde, mgr-adv, auto tires
Norbert J. Drol, mgr-adv, truck & farm tires
Paul F. Suloff, adv mgr-perf tires
James R. Pascover, adv mgr-retail stores
George S. Drop, mgr-major mkt programs
James T. Manning, mgr-adv, general prods
William L. Newkirk, vp-pr
Leonard B. Elms, dir-corp image adv

Advertising Agencies

Brouillard Communications—corp adv—Doug Longmire, sr vp-group acct dir; Terry Hill, sr vp-exec creative dir.

Malone Advertising, Akron—retail adv—Robert L. Haverback, vp, mgmt super; David Avery, Kim Adamczyk, acct execs. General prods—Joseph A. Mazzagotti, vp-mgmt super; Donna Hessel, acct exec; Ira Bass, vp-media dir.

McCann-Erickson, New York—intl adv—Peter J. Kennaby, worldwide mgmt dir.

J. Walter Thompson USA, New York—U.S. prod adv—Peter Hanley, sr vp-mgmt dir; Howard Pickett, Robert Losi, vps-sr acct supers; Kate Lynch, acct rep.

Grand Metropolitan PLC

RANK **55**

London

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	7,767	8,204	(5.3)
Net income	715	665	7.5
U.S.	**1986**	**1985**	**% chg**
Sales	2,372	2,778	(14.6)
Operating profits	219	200	9.8
Advertising	153	160	(4.5)
Division sales	**1986**	**1985**	**% chg**
U.S. cons. prods	1,777	2,103	(15.5)
Paddington	N/A	N/A	N/A
Carillon	N/A	N/A	N/A

It has been a year of major acquisitions and divestitures for the U.S. subsidiaries of Grand Metropolitan PLC, the London-based consumer products, hotel and beverage conglomerate. Chief among these moves were the sale of GrandMet USA's tobacco business and a series of acquisitions—including the purchase of Heublein Inc.—which has positioned its already well-advertised International Distillers & Vintners operation for leadership in the U.S. wines and spirits market.

The company has continued to invest heavily in the U.S. market, despite unfavorable currency valuations. During 1986, operating profits from consumer product divisions increased by 27.6%, when calculated in dollars, but only by 8% when converted to pound sterling. In 1986, North American operations contributed 30.5% of total sales, down from 33.9% of sales in 1985.

GrandMet USA, based in Montvale, N.J., includes Alpo Petfoods, Diversified Products Corp., Atlantic Soft Drink Co., Pepsi-Cola San Joaquin Bottling Co., Pearle Health Services and Children's World, a day-care provider. These operations, plus results from several months of Liggett Group ownership, comprise GrandMet USA total sales shown in the accompanying box. A separate entity from GrandMet USA in the Grand Metropolitan corporate lineup is International Distillers & Vintners, the group that operates Paddington Corp., Carillon Importers, Traditional Beer Importing Co. and now Heublein Inc. IDV had worldwide sales of $1.58 billion, up 2%.

Pound sterling was converted to dollars for this profile at the rate of $1.4678=£1.

Since taking control of GrandMet USA, Inc. as chairman-ceo, Ian A. Martin has moved to clarify its strategic direction and to fortify the unit's financial performance. Following the close of its fiscal year, Sept. 30, 1986, GrandMet USA disposed of its tobacco division, Liggett Group, for $137 million to an investor group led by Bennett LeBow. Liggett's generic and brand name cigarettes hold approximately 4% of the $34 billion domestic cigarette market.

The Quality Care home health care operation was sold to Lifetime Corp. of Great Neck, N.Y., for $101 million. Quality Care was acquired by GrandMet USA for $125 million in 1985.

Grand Metropolitan in June 1986 turned down a bid by Trafalgar Holdings Ltd., Los Angeles, to acquire its hotel interests for $900 million. Trafalgar has since accumulated about 5% of Grand Metropolitan shares.

During the year, GrandMet bolstered its strong Alpo brands with the purchase of Blue Mountain, a regional brand of canned and dry dog and cat food, for approximately $11 million from RJR Nabisco.

GrandMet's largest move, by far, was its March 1987 acquisition of Heublein Inc. from RJR Nabisco for an estimated $1.2 billion. Alcoholic beverages contributed $876 million to RJR's 1986 sales, netting operating earnings of $138 million. With the acquisition, IDV now markets six of the 35 liquor brands with more than one million cases in U.S. sales, according to market analyst John C. Maxwell Jr. of Furman, Selz, Mager, Dietz & Birney, New York.

Prior to the acquisition, IDV's top selling brand was J&B Rare Scotch, ranked 16th with an estimated 1.95 million case depletions, down 9.7% from 1985. Its Absolut imported vodka benefited from changing fashion in liquor consumption and showed a 47.1% sales increase to 1 million cases from 680,000. Absolut spiced up sales with the introduction of its pepper-flavored Absolut Peppar, one of the leading flavored vodka brands.

For the first time in recent years, Baileys Original Irish Cream liqueur dropped below 1 million cases depletion. IDV's total case depletion for 1986 was 25.4 million cases, according to the *Impact* Databank.

The Heublein acquisition not only gives IDV extra clout, it provides an easy introduction into some of the hottest growth segments in the stagnant alcoholic beverage market.

Some of the leading brands include Smirnoff, the world's largest selling vodka, which had 7.02 million domestic case depletions, down 0.6%; Popov vodka (4.02 million cases depletion, up 3.9%); and Jose Cuervo tequila, which had a 20% increase in depletions, up to 1.4 million cases. According to *Impact* Databank, Smirnoff held a 4.1% market share and Popov had 2.3% in 1986.

In addition to Heublein's liquor brands, the purchase included Inglenook wines and Almaden Vineyards (Almaden only recently was acquired by Heublein). IDV now ranks 4th in the domestic wine market with a 7.5% dollar share behind E&J Gallo (28%), Vintners International (10.4%) and Canandaigua (7.6%). In 1986, according to *Impact* Databank, Almaden had 9.3 million cases depletion

The $638,400 microcomputer commuter.

Scott Hunter, systems development manager, isn't the average commuter. When he arrives at his office today, he will issue purchase orders for micros and peripherals worth over $600,000. Scott is upgrading his company's PC equipment to speed communications between the field offices and headquarters. His company knows that Scott will select the most efficient, cost-effective and reliable models available. He is a **"Power User"** of micros at work and at home.

To keep his edge as a microcomputer expert, Scott reads BYTE, the authoritative micro technology magazine for the **"Power Reader."** BYTE readers have tremendous clout when it comes to micro-related purchases where they work. During the next 12 months, BYTE subscribers with technical titles like Scott's will buy or influence their companies' average purchases of $710,097 for micros, peripherals and software. It's a fact...the BYTE reader is *the* **"Power Buyer."**

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and Inglenook 8 million case depletions.

In earlier transactions IDV acquired Sambuca Romana, which dominates the U.S. sambuca liqueur category, as well as the U.S. distribution rights to Amaretto di Saronno, the country's third largest imported liqueur.

IDV's measured advertising spending in seven media was $21.9 million in 1986, up 17.1%. Heublein's measured spending totaled $24.5 million, up 4.6% over 1985 levels. Leading spenders among IDV brands include: Absolut vodka, up 29.6% to $4.6 million; Baileys Original Irish Cream Liqueur, up 29.6% to $4.9 million; and J&B, up 22.9% to $5.25 million.

Spending was about even in support of Bombay Gin, with $2.2 million in measured media, while spending declined by 3.7% in support of Grand Marnier.

The leading advertising spender among GrandMet USA subsidiaries was Alpo, with a total of $24.3 million, up 14.7%. Alpo canned and dry dog food received the largest individual spending, with $8.4 million; $6.8 million of that total was in network TV. Alpo has switched its media strategy to utilize more split 30's after finding that split 30's were 70% as effective as 30-second spots while costing half as much.

Alpo puppy food, introduced in the eastern U.S. in 1985, was supported with $5.3 million, up 16.3% in preparation for a national rollout. Alpo canned dog food received $6.5 million in measured spending. Alpo leads its $863 million category with a 26.7% share, down from 28.5% in 1985, according to Mr. Maxwell.

Overall, Alpo ranks sixth in the $5.6 billion pet food market with a 7% market share, down from 7.1% in 1985. Ralston Purina is the leader with 27.3%, followed by Quaker Oats 13.1%, Nestle's Carnation brand 12%, Mars' Kal Kan 9.3% and H.J. Heinz' StarKist's 8.3%.

Pearle Health Services, the retailer of eyecare services, showed disappointing sales during its first full year of ownership under GrandMet. It had an estimated $19.5 million in sales, with only $112,000 in operating income. Advertising spending in media for Pearle and its Texas State Optical subsidiary amounted to $18.6 million, up 5.8% from 1985 levels.

With saturation of the home fitness equipment market, sales for Diversified Products Corp. were off. Advertising spending declined dramatically to only $240,300, from $6.3 million in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,850	7,101
Magazines	25,163	21,873
Newsp. supp	1,534	1,949
Bus pubs	6	0
Farm pubs	0	0
Network TV	21,626	23,787
Spot TV	16,448	14,670
Network radio	0	0
Spot radio	320	1,203
Outdoor	1,895	4,350
Network cable	907	201
Total measured	71,748	75,133
Unmeasured	81,171	85,000
Total	152,919	160,133

GRANDMET USA
100 Paragon Dr.
Montvale, N.J. 07645
(201) 573-4000

Corporate Personnel

Ian A. Martin, chmn-ceo
Tom Gaffey, exec vp
J.H. Gross, vp-genl counsel, secretary

ALPO PETFOODS
Allentown, Pa.

Corporate Personnel

Joe Sestack, ceo
Frank W. Krum, president-coo
Jack Foley, sr vp
Jim Schmoyer, sr vp-operations
Willard Cressman, vp-financial admin

Marketing Personnel

Robert Beckwith, vp-sales
Katherine Hillman, vp-mktg
Bart Campbell, dir-comm & pr

Advertising Agency

Weightman Inc., Philadelphia—Alpo canned & dry dog food, Bi-ta dog biscuits, Alpo Snaps treats, Alpo Jerky Bits, Beef Bites treats, Alpo puppy food, Tabby cat food—John Goodchild, president; Mark Plamondon, sr acct super; Paul Berger, mgmt super, canned food, puppy food, snacks; Susan Sunyak, Betty Tuppeny, acct supers; Neil Harrison, sr vp-media dir; Ray Dundas, vp-assoc media dir.

DIVERSIFIED PRODUCTS CORP.
Opelika, Ala.

Corporate Personnel

Calvin E. James, president-ceo
Ira Silberman, sr vp-rsch & devel

Marketing Personnel

Lanier Johnson, mktg dir-commercial prods
Jim England, mktg dir-retail prods

Advertising Agency

Walker & Associates, Memphis—Deloss Walker, president, acct exec.

PEPSI-COLA SAN JOAQUIN BOTTLING CO.
Fresno, Calif.

Marketing Personnel

Ron Dorrell, president-ceo
Harmon Morell, vp-mktg & sales

ATLANTIC SOFT DRINK CO.
Columbia, S.C.

Marketing Personnel

James L. Moore Jr., president-ceo
David A. Bush, vp-finance, cfo
Len Rosinkski Jr., vp-mktg
Bob Buys, vp-operations
Ron Runkle, vp-sales

CHILDREN'S WORLD
Evergreen, Colo.

Marketing Personnel

Robert S. Benson, vp

PEARLE HEALTH SERVICES
Dallas, Texas

Marketing Personnel

Howard Stanworth, president-ceo
Joe Dono, vp-mktg

Advertising Agency

Foote, Cone & Belding, Chicago—Pearle Vision Centers—Joan Black, sr vp-group acct dir; Bob Kubis, vp-acct dir; Julie Gorell, acct dir; Laura Krause, acct exec; Sara Molinsky, asst acct exec.

INTERNATIONAL DISTILLERS AND VINTNERS PADDINGTON CORP.
Fort Lee, N.J.

Corporate Personnel

Peter Thompson, president-ceo

Marketing Personnel

Roger Stone, sr vp-mktg
Joe McKenna, vp-pr
Robert Green, sr vp-sales
Kevin McHugh, vp-sales, eastern region
Paul Tynan, brand mgr, Baileys Original Irish Cream
David Margolis, brand mgr, J&B
Maury Maniff, group mktg dir, Cinzano, Malibu
Sandra Dess, brand mgr, Rumple Minze schnapps
Jim Signorile, brand mgr, Amaretto di Saronno
Lori Brenner, asst brand mgr, Amaretto di Saronno
Dick Maid, mgr-sales promo
Ann Berenger Napier, mgr-sales rsch
Tony Foglio, genl mgr, Morgan Furze Ltd.

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Baileys Original Irish Cream liqueur, Catto's Gold Label scotch, Royal Ages scotch, Demi-Tasse coffee cream liqueur, Malibu rum, Steidl's wine cooler, Sambuca Romana—Lawrence J. Rosenthal, vp-acct dir; Constantine E. Scaros, sr vp-mgmt super; David A. Stein, vp-mgmt super; Susan Nimock, acct exec.

Berenter Greenhouse & Webster, New York—Cinzano vermouth, Asti Spumanti wines—Bill Berenter, chmn; Martin Greenhouse, exec vp; Barrie Webster, president; Ted Pulton, vp-mgmt super; Joan Gugliotta, vp-media dir.

Geer, DuBois, New York—Amaretto di Saronno—Dave Esbrook, vp-mgmt super; Robert Rosengarten, vp-acct super; Dawn Dresher, sr acct exec; Joyce Sliwa, sr vp-media dir; Debra Barnhart, media super; Barbara Sliter, media coord.

Grace & Rothchild, New York—J&B rare scotch, Knockando scotch—Gordon Sleeper, genl mgr; Tom White, mgmt super; Gene Willhoft, dir-media svcs.

William James Advertising, New Britain, Conn.—Rumple Minz schnapps—W.B. Elliott, president; Adams Briggs, acct exec; Rainie Marchand, media dir.

CARILLON IMPORTERS
Teaneck, N.J.

Corporate Personnel

Michel Roux, president-ceo
Jerry Ciraulo, vp-finance admn

Marketing Personnel

Dick McEvoy, vp-mktg & sales
John Aletano, natl sales mgr
Ernie Capria, mgr-mktg svcs
Pamela Taylor, mgr-pr

Advertising Agency

TBWA Advertising, New York—Grand Marnier, Absolut vodka, Absolut Peppar, Bombay gin, Piat D'Or wine, La Grand Passion, Fernet Blanca, Champagne Devenoge, Cremant Rose, O'Kir and O'Mint mineral water—William Tragos, chmn-ceo; Richard Costello, president; Richard Lewis, Brian Barry, vps-mgmt supers; Claude Fromm, sr vp-media dir; Reatha Braxton, vp-media super; Page Murray, Darren Finnie, acct execs.

TRADITIONAL BEER IMPORTING CO.
Fort Lee, N.J.

Corporate Personnel

John Sewald, genl mgr

HEUBLEIN, INC.
Farmington, Conn.

Corporate Personnel

John A. Powers, chmn
Robert M. Furek, president & ceo
G.T. Eisenberg, exec vp-sales & mktg

Marketing Personnel

Rouben V. Chakalian, sr vp-fine wines
David G. Eickholt, vp-mktg svcs
William F. Engster, president-International Vintage Wines Co.
Edward Gualtieri, vp-spirits mktg
John J. Kucich, chmn & ceo-All Brand Importers
Justin Parks, mktg dir-Palace Brands Co.
Erik J. Pierce, vp-pr
G. William Seawright, sr vp-intl
Charles Traynor, vp-wines mktg
Charles Wheeler, dir-adv svcs

Advertising Agencies

AC&R/DHB&BESS, Los Angeles—Foster's Lager—Bill Isenberger, acct mgr; Kaylene King, acct super.

Asch Advertising, New York—out of home agency of record—Richard Asch, president; Gordon Asch, chmn.

Castor Spanish International, New York—Smirnoff vodka—Hispanic adv—Castor A. Fernandez, president-creative dir.

D'Arcy Masius Benton & Bowles, New York—Pernod—Dan Cole, acct super.

Lowe Marschalk, New York—Beaulieu Vineyard—Bob Glassman, acct super.

McCann-Erickson, New York—Smirnoff Vodka (genl & intl adv), Vikin Fjord Vodka, Black Velvet Canadian whisky, The Famous Grouse scotch whisky, Yukon Jack Canadian Liqueur, Almaden wines, Piper-Heidsieck Champagne, Clausthaler non-alcoholic malt beverage, Dos Equis beer, Moosehead Canadian Lager—Pat Quagliano, acct super.

UniWorld Group, New York—Smirnoff Vodka (black adv)—Byron Lewis, ceo; Winston Cooper, acct super.

Young & Rubicam, New York—Arrow Cordials, Truffles Liqueur du Chocolat, Club Cocktails, Heublein Cocktails, Tropic Freezer Cocktails, Inglenook Navalle wines, Inglenook-Napa Valley wines, Mouton Cadet wines, Lancers wine, Finlandia vodka—Bernedette Murray, acct super; Jose Cuervo Tequila—Ed Daley, acct super.

RANK
84

Greyhound Corp.

Phoenix

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	3,088	3,278	(5.8)
Net income	186	120	55.0
U.S. advertising	103	103	0.7
Division sales	**1986**	**1985**	**% chg**
Transport services	818	867	(5.7)
Transport mfcting	223	246	(9.3)
Consumer prods.	849	843	0.7
Food services	814	710	14.6
Financial	440	657	(33.0)

Greyhound Corp.'s advertising budget in 1986 remained level with 1985 as the company divested its financial services and transportation units to become a consumer products and foodservice company.

In December 1986, Greyhound sold its scheduled bus service, which it had been attempting to restructure on a regional basis. A Dallas-based investor group headed by former Trailways CEO Fred Currey paid $350 million for the operation. The sale effectively left Greyhound as a marketer of Armour-Dial products and of the household cleaners obtained in the March 1985 purchase of the consumer products group of Purex Industries.

In late 1986, Greyhound's Dial Corp. activities and personnel were realigned into three areas: personal care, food and household/laundry.

In personal care—which includes soaps, deodorants and antiperspirants—Dial deodorant soap remained the advertising leader with $15 million in measured media, an 8% decline from 1985. Tone complexion bar received measured media spending of $8.4 million, up 3.7%. In late 1986, Dial Corp. introduced a new formula Tone, which garnered a 2.5% market share.

In 1986, Dial products were marketed for the first time in a hotel amenities program. Also, promotional tie-ins were implemented, such as with Dial soap and Wendy's fast-food restaurants.

The most significant increase in ad spending went to Pure & Natural, a bar soap positioned as "a contemporary alternative to (Procter & Gamble's) Ivory," says Mark R. Shook, marketing director for the personal care group. In its first full year, Pure & Natural received $8.4 million in measured ad spending, a 59% increase from 1985. After garnering a 4% market share in its first three months, the soap has stabilized at a 2.4% share.

In mid-1986, the personal care group continued in a new product mode with the introduction of Nutrelle face and body soap, Dial liquid soap and Dial deodorant stick. Nutrelle, an upscale bar soap currently in two controlled test markets, is priced comparable to Dove soap bar. "Nutrelle has stark packaging in an attempt to communicate a no-nonsense approach to skin care." Mr. Shook says. Liquid Dial, a pump version positioned as an anti-bacterial soap, is currently undergoing regional expansion. Also in mid-1986, Dial Corp. introduced Dial deodorant stick in eastern markets.

In 1986, Armour canned meats extended its Vienna sausage line with the introduction of Vienna Sausage in Taco Sauce. The product is distributed regionally in southwestern markets. Another food segment line extension was microwave pizza, also introduced in 1986. Marketed under the Ellio's label acquired in the 1985 Purex purchase, microwave pizza, French bread pizza and frozen pizza are distributed regionally in the Northeast.

In early 1987, Lunch Buckets, microwaveable soups and entrees, expanded to 15 varieties, from nine. The product line, first introduced in late 1985 in convenience stores, is now available in supermarkets on a regional basis. In August 1987, Dial Corp.'s food division introduced Prospector premium chili in Texas markets. Prospector, an upscale, premium chili, is a new registered trademark for the company.

Net income for the consumer products division in 1986 was $34.1 million, down 17.6%. Company execs cite poor marketing strategy in the laundry products segment as key to the decline. "Early in 1986, we took a consumer-oriented approach to marketing our laundry products," says Curt Hicks, VP-marketing for Dial Corp.'s laundry and household products division. In mid-1986, marketing efforts for the laundry products group were redirected. The products shifted to a more trade-oriented approach. In addition, "we made several changes in our cooperative advertising agreements that have helped turn around the laundry products segment," Mr. Hicks says.

The household products segment remains consumer-oriented, with a focus on advertising and couponing. In January, a soil and stain remover under the Purex label was introduced in test markets. Also, a line extension of the regionally distributed Sno Bol toilet bowl cleanser will be introduced late 1987 or early 1988. Late 1986, lemon-scented Brillo scouring pads were introduced in test markets. Also in test markets since summer of 1987 is fresh-scent Purex bleach. Purex heavy-duty liquid detergent rolled out regionally in May 1987 in eastern markets.

Following the sale of its scheduled bus service, Greyhound Corp. leased or sold several of its bus terminals. However, the company continues to be a large builder of buses for intercity use. In January, Greyhound Corp. purchased General Motors Corp.'s North American transit bus manufacturing operations. Last year, transportation manufacturing accounted for $223.3 million, or about 7% of total revenues.

In 1986, Greyhound Corp. began a significant retreat from financial services. In October, Greyhound Capital Corp., a computer leasing concern, was sold to Bell Atlantic Corp. In addition, a sale is pending for Verex Corp., a private mortgage insurer. Because of changed tax laws, Greyhound Corp. dropped plans to sell Greyhound Leasing and Finance Corp. in July 1986. It then phased out the commercial equipment leasing side of the business through restructuring. The name was changed to Greyhound Financial Corp. to reflect its new focus on real estate financial activities.

In the services/food services division, Greyhound Corp. this month acquired Dobbs House an inflight catering and airport terminal concessions business. The purchase dovetails with the May 1986 acquisition of Aeroplex Stores, which operates 84 retail gift shops in major airports and hotels nationwide. Both operations are part of the Florida Export Group, which operates duty-free shops in airports and on Caribbean cruise liners. Premier Cruise Lines, a subsidiary of Florida Export Group, became the official cruise line to Walt Disney World.

Downsizing of corporate headquarters staff in 1986 by 25% included key personnel, most notably long-time Dial Corp. President-CEO Ed Walsh in October 1986. In July 1987, Greyhound Corp. Chairman John Teets announced plans to build two 24-story office buildings on a six-acre site in Phoenix, Ariz.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,196	3,971
Magazines	4,468	5,915
Newsp. supp	0	37
Bus pubs	168	357
Network TV	24,363	20,086
Spot TV	1,592	3,980
Network radio	15,545	14,250
Spot radio	3,661	6,044
Outdoor	9	9
Network cable	1,317	1,301
Total measured	56,317	55,951
Unmeasured	47,078	46,772
Total	103,396	102,723

GREYHOUND CORP.
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DIAL CORP.

Corporate Personnel

Andrew S. Patti, president-ceo

Marketing Personnel

A. DeBolt, vp-mktg, institutional
Mark R. Shook, mktg dir-personal care div
L. Curt Hicks, vp-mktg, household & laundry div
Frank Yorio, mktg dir-foods div

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Armour Star canned meats—Henry Lewcyk, mgmt super; Mary Love-Maddox, acct exec. Tone soap—Kim Gaynor, exec vp, dir-client svcs; Steve Eaker, acct super; Artie Megibben, Neil Scanlan, creative dirs.

CPS Group (div of BJK&E), Dallas—Dial antiperspirant-deodorant—Kim Gaynor, exec vp, dir-client svcs; Mary Love-Maddox, acct exec; Artie Megibben, Neil Scanlan, creative dirs.

DDB Needham Worldwide, Chicago—Dial soap, new prods-personal care div—Ray Gillette, group acct dir; Bruce Delahorne, acct super; Alan Friedman, acct exec, dial soap; Jane Richtesmeier, acct exec, new prods; Fran Sarra, creative dir, Dial; Christie McMahon, group creative dir, new prods.

Foote, Cone & Belding, Chicago—Lunch Buckets—Paul Vernon, mgmt super; David Threlkeld, acct exec.

Laurence, Charles, Free & Lawson, New York—new prods-personal care div—Al Evans, exec vp-mgmt rep; Dick Goldschmidt, sr vp-mgmt super; Bob Sauer, vp-assoc creative dir.

Phillips-Ramsey, Phoenix—new prods-foods div—Win Holden III, mgmt super; Carolyn Podolsky, acct exec.

Ramey Communications, Los Angeles—Household & laundry div— Mike Jaglois, vp, dir-client svcs; Doug Hector, vp-mgmt super.

Rothenburg, Tully & Winter, New York—Ellio's frozen pizza—Paul Tully, mgmt super.

RANK
74

GTE Corp.

Stamford, Conn.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	15,112	14,372	5.1
Net income	1,184	(161)	835.4
U.S. advertising	115	106	8.7
Division sales	**1986**	**1985**	**% chg**
Telephone op.	11,278	10,538	7.0
Products, systems	1,922	1,899	1.2
Communications	2,007	2,039	(1.6)

GTE Corp. lopped off its biggest advertised unit in 1986—US Sprint—which pared its advertising by 25%, while it beefed up spending on general corporate and directories advertising.

GTE, which retained half interest in the US Sprint long-distance operation when it became a joint venture partner with United Telecommunications Inc., continues to reflect the negative results of US Sprint on its balance sheet. Estimates indicate US Sprint won't become profitable until 1988 or 1989.

US Sprint's total pre-tax loss for 1987 could be $500 million to $600 million, much higher than first estimated. The higher losses were incurred when US Sprint pulled in a million new customers in the third and fourth quarters of calendar 1986 and had to lease expensive lines from AT&T when its own lines became overburdened by the extra business. Analysts believe the company's sacrificing of short-term profits to build a customer base will pay off in the long run.

GTE Chairman/CEO Theodore F. Brophy says a return to profitability will be achieved with completion of the all-digital, all-fiber optic network later this year, giving the joint venture an edge on quality and making it cost-competitive in a field dominated by AT&T with an 85%

market share. US Sprint's share is 5%, behind the 8% claimed by MCI Communications Inc.

Measured advertising for 11 monitored media at GTE, void of US Sprint in 1986, totaled $67.1 million, down 42%, with the difference largely credited to the absence of US Sprint expenditures. In the seven-media listings of BAR/LNA, which compiles statistics by brands, GTE spending of $37 million was virtually even with 1985 minus US Sprint.

The largest expenditure at GTE, according to BAR/LNA, was $20.9 million for general corporate promotion, an increase of 19% from the previous year. The funds backed the company's "Gee! No, GTE" corporate campaign that is being continued this year. Both network and spot TV received about 40% of the ad monies and magazines the rest.

GTE also sponsored "Discover: The World of Science" specials consisting of five one-hour segments running on PBS last fall.

GTE Directories expanded internationally, getting directory-publishing contracts in Argentina and Malaysia. In addition, it picked up two contracts in the People's Republic of China—one to sell advertising in a business-to-business directory for the capital, Beijing, the other to publish a directory to be distributed to government offices throughout the country. GTE Directories sells Yellow Pages advertising and publishes more than 1,000 phone books for GTE and other phone companies in the U.S. and overseas.

GTE Directories pulled $5.3 million in advertising, all in spot TV, an increase of 8.1% over the previous year.

GTE's other major ad spending was a $6.2 million expenditure for Sylvania home light bulbs, down 4.6% from 1985.

The company began marketing the new Sylvania Nite-Kat flood-light, which produces illumination invisible to the human eye yet enables closed-circuit cameras to "see" into dark areas requiring monitoring for security reasons.

For $90 million, the company acquired Rotaflex, a London-based manufacturer of residential and commercial lighting fixtures; this will further expand GTE lighting operations in Europe.

Also in Europe, GTE and Siemens AG, West Germany, created a joint venture to produce telecommunications equipment for the U.S. and other countries.

GTE expanded its Business Services operations with the acquisition in late 1986 of Airfone Inc., which introduced the first air-to-ground phone service for passengers on commercial airlines in 1984. With phones in some 300 planes on U.S. routes at fiscal year end, planning is going forward to expand the service in the U.S. and to extend the service to airlines globally. GTE Airfone also provides a similar radio-phone service for passenger trains.

GTE is participating with Washington, D.C.-based TCOM Systems Inc. to provide the electronic-mail connection in a new overnight delivery mail service to debut this fall. GTE will provide the computer-switching network that will enable mail to be sent electronically to GTE data centers across the U.S. for rerouting to TCOM centers to be stuffed in envelopes and delivered through U.S. mail. The service is aimed at businesses. TCOM was founded in 1986 by retired U.S. Postmaster General William F. Bolger.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	18,140	13,665
Magazines	6,180	8,340
Newsp. supp.	78	0
Bus. pubs.	3,907	4,402
Network TV	14,152	14,654
Spot TV	16,145	12,256
Network radio	24	0
Spot radio	8,066	7,965
Outdoor	351	276
Network cable	80	172
Total measured	67,122	61,730
Unmeasured	48,218	44,344
Total	115,340	106,075

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Corporate Personnel

Theodore F. Brophy, chmn-ceo
James L. Johnson, president-coo

Marketing Personnel

Edward C. MacEwen, vp-corp comm
Rupert Smith, dir-corp adv & mktg comm

GTE TELEPHONE OPERATING GROUP

James L. Broadhead, president
Henry W. Donaldson, vp-mktg & business planning
Richard L. Sharman, vp-mktg, GTE Mobilnet

GTE DIVERSIFIED PRODUCTS GROUP

Corporate Personnel

Allan L. Rayfield, president-ceo
James M. Locker, dir-mktg, consumer comm prods div
Thomas Byker, mgr-adv/merch, consumer comm prods div
Geoffrey Pickard, vp-public affairs, diversified prods
Stewart L. Burge, vp-comm, comm systems
Vincent D'Alessandro, vp-public affairs, GTE electrical prods

Advertising Agency

DDB Needham Worldwide, New York—Lawrence J. Iannuzzelli, exec vp; Denis P. Crosley, group sr vp-mgmt super; Joseph F. Belle Isle, vp-acct super, corp; Nancy Bretl, vp-mgmt super, diversified prod & services; James G. Cole, vp-acct super, telephone operating group.

RANK **67**

Hasbro Inc.

Pawtucket, R.I.

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,345	1,233	9.1
Net income	99	99	0.2
U.S.	**1986**	**1985**	**% chg**
Sales	978	965	1.3
Operating profits	141	180	(21.8)
Advertising	125	115	9.0

Despite a sluggish year for toy sales, Hasbro Inc. retained its leading position as the top sales generator among players in the $12.5 billion toy industry. Hasbro sales of $1.3 billion—a 9% increase over 1985—outpaced Mattel Corp., Hawthorne, Calif., which reported revenues of $1.1 billion in 1986.

The company, which has grown 113% in five years, is made up of Hasbro toys, Milton Bradley games and Playskool preschool products. It spent approximately $125 million on advertising in 1986, up 9%, with $40 million of that attributed to international spending.

Priding itself on product diversity, Hasbro in 1986 acquired the Child Guidance line from CBS Toys, New York, and Schaper Toy division from Kusan Inc., Nashville, Tenn. During the year it introduced a record number of products including Visionaries holographic action figures, Moondreamers fantasy dolls and Yakity Yaks electronic plush animals. The company also paid $3 million to Axlon, Sunnyvale, Calif., in return for the right of first refusal on any four toy products Axlon develops.

In 1986, Hasbro reacquired international rights to G.I. Joe so that it could introduce the action figure line in Europe. G.I. Joe was Hasbro's No. 1 product in 1986, with sales of $185 million, and was the year's best-selling product, according to Toy Manufacturers of America. G.I. Joe sales in 1986 represented 14% of the company's revenues. In fact, Hasbro in 1986 had 34 of the top 100 products in the U.S. toy industry.

So far in 1987 Hasbro has introduced a William "the Refrigerator" Perry doll to its G.I. Joe collection, available only by redeeming proofs of purchase from specially marked G.I. Joe packages.

Unlike Tonka Corp.'s GoBots line of transformable action figures that were discontinued in 1987, Hasbro's Transformers remain a top-selling product, bringing in $214 million of the company's 1986 revenues. That year, the line was second behind G.I. Joe in sales for the company. This year Transformer line extensions include figures that change into multiple forms. The toys are supported by the ad theme "Much more than meets the eye" from Griffin Bacal, New York.

Hasbro in December filed a lawsuit against Tonka, who supposedly was infringing on Hasbro's exclusive right to use holograph technology for a toy product. The suit was later dropped, and Tonka has since introduced its SuperNaturals line to

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compete against Visionaries. Visionaries is supported with an $8 million ad campaign themed "Control the magic" that feature action figures with hidden personalities within their holographs.

Hasbro brought back its My Little Pony line for a fifth year after having already sold 60 million units worldwide of the colorful plastic "poseables." The line was supported with an estimated $6 million advertising campaign themed "I'm a My Little Pony, Mommy," obviously targeted to young girls. Hasbro in 1986 saw disappointing box office returns from its "My Little Pony" movie, one of the company's first feature film ventures. An estimated $2.4 million was spent advertising the film.

Hasbro's Jem fashion doll appeared on TMA's top ten monthly list several times in 1986. The line continues to be supported with an estimated $8 million advertising campaign themed "Truly Outrageous," plus its own animated syndicated TV series. In 1987, Hasbro updated Jem by adding gold strands to her pink and blonde hair and giving her a "less hard-looking" appearance. Hasbro ran several promotions for Jem this year, including one where consumers could send away for a cassette of "Jem & the Rockers," a fictitious rock group.

For girls, Hasbro in 1987 introduced Moondreamers dolls with glow-in-the-dark hair and Fairy Tails birds with long silky hair.

Hasbro's Milton Bradley division in 1986 introduced "A Question of Scruples"—which turned out being the year's best-selling game (1.6 million units).

Hasbro continued its $15.3 million account themed "Feelin good about the Playskool years" to promote its preschool division. From the Child Guidance acquisition, Playskool gained the Busy Fire Truck, Busy Choo Choo, Sesame Street and Disney Poppin' Pals lines. The Playskool division also houses the Touch 'N Hug line of textured, musical plush animals and books as well as Pipeworks building sets. Pipeworks is a construction set that allows children to build cars, wagons, etc., by connecting colorful pipes.

Alphie II is a new member of Playskool's electronic Play & Learn group. It is designed to teach children spelling and mathematics basics with the help of a robot-shaped computer.

Sunnyvale, Calif.-based Hasbro Electronics, the name of the Hasbro/Axlon joint venture, is preparing for the introduction in early 1988 of its first product—tentatively called "Nemo." Nemo will be a $200 video game system that hooks up to a standard VCR and lets viewers change the action on their TV screens. Nemo's introduction will be supported by an estimated $10 million in advertising via Goodby, Berlin & Silverstein, San Francisco, hired exclusively to handle Hasbro Electronics' products.

Hasbro so far has had limited success in entering the electronics industry. The company discontinued its Yakity Yaks line of talking monkeys and bears after six months on the market because it could not make inroads against a growing zooful of competition including Worlds of Wonder's Teddy Ruxpin. This failure, added to the discontinuation of the Inhumanoids action figure line, contributed $11 million in losses in 1986.

Both WOW and Mattel are introducing advanced video systems to compete against Nemo. Mattel's Captain Power debuted this fall. WOW's IntraView system will be introduced at the Consumer Electronics Show in Las Vegas in January.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	0	63
Magazines	4,197	5,998
Newsp. supp.	34	61
Bus. pubs	51	224
Network TV	29,414	28,706
Spot TV	72,281	63,068
Spot radio	59	595
Network cable	2,972	1,314
Total measured	109,007	100,030
Unmeasured	16,346	15,000
Total	125,353	115,030

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Marketing Personnel

Stephen A. Schwartz, sr vp-mktg
Alfred C. Carosi Jr., corp vp-mktg svcs
Wayne Charness, assoc vp-pr
John A. Gildea, assoc vp-domestic licensing
William J. Schmidt, dir-sales promo
Deborah Boyd, dir-media svcs
Walter Baric, dir-mktg rsch
Robert Watson, dir-intl mktg svcs

HASBRO TOY DIVISION

Marketing Personnel

Robert Prupis, vp, boys' toys
Maurene Souza, vp, girls' toys

PLAYSKOOL DIVISION

Marketing Personnel

Sharon Hartley, assoc vp, Playskool Preschool
Robert Stebenne, vp, Playskool Baby

MILTON BRADLEY DIVISION

Marketing Personnel

Lawrence I. Bernstein, sr vp-mktg
George Merritt, vp-adv & pr

Advertising Agencies

BBDO-Direct, New York—all direct mktg—Marshall Barrett, sr vp-group acct mgr; Leslie Kaplan, acct super; Jim LaValle, acct exec; Steve Levy, acct mgr.

DDB Needham Worldwide, Chicago—Milton Bradley—Tom Hanft, group acct dir; Ellen Dryer, mgmt rep; Tony Priore, acct exec.

Goodby, Berlin & Silverstein, San Francisco--Jeff Goodby, Andy Berlin; Rich Silverstein, principals.

Griffin Bacal, New York—Tom Griffin, president; Joe Bacal, exec vp-dir creative svcs; Paul Kurnit, exec vp-client svcs; Leonard Leokum, sr vp-creative dir; Art Heller, exec vp-dir media svcs; Bob Marden, vp-mgmt super, Playskool Baby, Softies; Bob Horne, vp-mgmt super, boys' toys, Milton Bradley; Mary Sue Robinson, vp-mgmt super, girls' toys.

Rossin Greenberg Seronick & Hill, Boston—licensing—Brendan Collins, mgmt super.

H.J. Heinz Co.

RANK **39**

Pittsburgh

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	4,639	4,366	6.3
Net income	338	302	11.9
U.S.	**1986**	**1985**	**% chg**
Sales	2,781	2,765	0.6
Operating profits	373	372	0.3
Advertising	217	262	(17.1)

At H.J. Heinz Co. in 1986, tradition took a back seat to trend. Heinz Ketchup, the perennial leader among the company's advertised products, was unseated by Weight Watchers frozen meals as the company cut its measured ad budget by 19.7% from the prior year.

Heinz, which is seeking economies in advertising through cost-cutting maneuvers and efforts to merge division media buying, put $11.4 million in measured ad support behind Weight Watchers frozen meals, down slightly from 1985, according to BAR/LNA. Marketed through the company's Foodways National subsidiary, Weight Watchers frozen meals claim an estimated 10% of the $1.7 billion premium frozen meal category. Stouffer's leads the crowded field with a 25% share.

Early in the year, the company rolled out Weight Watchers Candle Lite frozen dinners, spending more than $3 million on ads to launch and support the six-meal line. Overall, Heinz spent $26.3 million in measured media to promote Weight Watcher food products in 1986, up 34%. Advertising for the line continues to be concentrated on network and spot TV.

In July 1986, Heinz purchased Pro-Mark Co. of Tulsa, Okla., producers of Weight Watchers-brand dairy products, for an estimated $200 million. The company continues to build the Weight Watchers brand: Weight Watchers Ketchup with reduced calories and reduced salt, Weight Watchers spaghetti sauce in two flavors, plus additional fruit spread, salad dressing and Crispbread flavors have been added in 1987.

Weight Watchers International scored a 10% increase in U.S. enrollments in 1986, and a 6% gain on European sign-ups. Meeting sites are up 13% in the U.S. According to Leonard J. Tacconi, the Jericho, N.Y.-based subsidiary's national marketing manager, Weight Watchers recently enhanced its Quick Start Plus program adding a Self-Discovery Plan and an optional Exercise Plan to the original Quick Start diet. The "self-discovery" element aims to help dieters recognize trouble spots or "eating triggers" through a series of self-help quizzes.

Inner Circle, Weight Watchers' premium priced, small group program was launched nationally in 1986, and double-digit enrollment growth continued in the At Work program.

Measured advertising for Weight Watchers International neared $7.4 million, up 13.9% from 1985.

Heinz continued to gain market share in the $500 million tomato ketchup market. Last year the company's flagship product claimed 55% of the ketchup market, up from 50% in 1985. The increase came in spite of a 30% decline in ad spending for the product, to $8.7 million. The company used a "kids-intensive" marketing strategy in 1986 by tailoring ads to children's TV shows. Ad support for Lite Ketchup jumped from $18,900 to $405,000—all in magazines. A new 40-ounce squeezable plastic ketchup package debuted nationally in November, and Heinz Ketchup 'n Onions rolled out this spring.

Other new product introductions this year include squeezable relish, Hickory Smoke 57 Sauce, Cajun Style and Mesquite Smoke barbecue sauces and Chico-San Mini Rice Cakes. Heinz acquired Chico, Calif.-based Chico-San in 1984 and currently holds an estimated 60% of the $30-$60 million puffed rice cake market. According to the company, dollar-sales of the product increased 50% in 1986. Ad support for Chico-San products neared $1.9 million in 1986, up from about $500,000.

Heinz recently added five strained-fruit yogurt flavors to its baby food products. Another 18 flavor varieties were added to the company's instant dry baby food line. In 1986, the company spent $2.9 million in advertising to support Instant Baby Food, down 43%. Heinz holds less than 20% of the baby food market.

According to Martin Thomas, general manager of sales and marketing services at Heinz's Ore-Ida Foods subsidiary, new product or line extensions for 1986 have concentrated on value-added products, vegetable products beyond potatoes and more convenient preparation methods for fried potato products.

"Consumer interest in convenient eating has continued to grow during 1986 and shows no sign of abating," he says. "Increases in take-out foods show family eating patterns shifting back to at-home occasions. Catering to convenience-oriented, in-home meals is a continuing objective of Ore-Ida."

Ore-Ida's Vegetable Crisp breaded frozen vegetable side dish rolled out nationally in 1986. The company spent $231,000 on magazine and spot TV ads in the rollout. Breaded okra has been added to the original four-variety lineup. The company reformulated Onion Ringers, introduced in June 1986, and recently edged out Campbell Soup's Mrs. Paul's for the top-selling brand in the frozen onion ring category.

Ore-Ida Microwave Fries got the most ad support of any Ore-Ida product with $2.1 million, up from virtually no support in 1985. The company introduced a microwave hash brown product in June 1986 and recently added a larger size to the Microwave Fries line. According to Mr. Thomas, the company has 4% of frozen potato category dollar volume with its microwave line and expects market growth to continue.

Ore-Ida products introduced early this year include a toaster hash brown and Special Recipes, a line of seven potato-based side dishes including au gratin and scalloped potato casseroles and stuffed potatoes.

The Ore-Ida advertising and promotion budget for 1986 was $16 million—$6 million on advertising and $10 million on sales promotion—a dropoff of $3 million from 1985.

In the foodservice area, the company recently introduced Steak-Crisp, beef nuggets or strips coated with a light batter.

In pet foods, the Star-Kist Foods subsidiary's 9-Lives leads the $1.15 billion canned cat food category with a 22.4% share. Combining 9-Lives and Amore, Heinz holds 28% of the market (up from 27% in 1985), a hair behind Nestle's Carnation (Friskies and Friskies Buffet, Fancy Feast and Bright Eyes) which holds a 28.6% share.

The company spent $5 million advertising 9-Lives canned cat food last year, down 19.4% from 1985. Ad support for Amore gourmet canned cat food line more than tripled to $6.2 million, and market share shot up from 2.2% to 5.6%. The overall market grew 6.8%, according to analyst John C. Maxwell Jr. of Furman, Selz, Majer, Dietz & Birney, New York. Overall, Heinz spent $15.3 million in measured media on cat food, down 24%.

The company holds a 10% share of the $360 million dog treat market with its Jerky Treats brand and another 7.6% share with its Meaty Bones. At $1.1 million in 1985, ad spending for Jerky Treats was down 50%.

According Mr. Maxwell, Heinz ranks fifth in the $5.6 billion pet food market with an 8.3% share behind Ralston Purina (27.3%), Quaker Oats (13.1%), Nestle's Carnation (12%) and Mars' Kal Kan (9.3%).

Star-Kist controls 36.5% of the $1.4 billion canned tuna market, up slightly over 1985. Competitors include Ralston Purina's Chicken of the Sea brand with a 20% share and Bumble Bee tuna with 15%. Star-Kist spent $1.8 million advertising tuna in 1986, mostly in spot TV, about even with 1985. According to Star-Kist marketing executives, very little of the advertising for tuna does not show up in measured media.

Star-Kist Foods claims an overall $84 million advertising and promotion budget, up 18% over 1985. Advertising amounts to $44 million, with $40 million going to sales promotion and market research.

Last year, Star-Kist launched a nationwide public relations effort to celebrate the 25th anniversary of Charlie the Tuna, the company's spokesfish. TV spots were developed in honor of the occasion.

Heinz launched a major push into Third World markets in 1986 with a tropical fruit-based children's drink called Frutsi. Invented by Heinz in Mexico, the product has been marketed there since 1981. According to Heinz executives, Frutsi will give the company a low-exposure entree into a number of foreign countries. From that point, Heinz hopes to expand its offerings to include many of the company's traditional processed foods.

Last year Heinz international operations accounted for 40.1% of the company's

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total sales, up from 36.7%. Of the year-to-year international sales growth, 69% was attributed to gains in foreign currencies against the dollar.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	421	1,145
Magazines	15,934	8,923
Newsp. supp.	24	32
Bus. pubs.	1,136	1,727
Network TV	42,440	56,462
Spot TV	25,613	34,550
Network radio	2	0
Spot radio	891	1,007
Outdoor	23	37
Network cable	681	1,293
Total measured	87,164	105,175
Unmeasured	130,249	157,161
Total	217,413	262,336

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(412) 237-5757

CONSUMER PRODUCTS DIVISION

John Crawshaw, vp
Jeffrey Berger, genl mgr, foodservice & export mktg
Barbara Behrman, group prod mgr, grocery ketchup
William Stein, genl mgr-mktg svcs
Jim Gordon, sr mgr-adv svcs

SPECIALTY PRODUCTS DIVISION

Lennox B. Buchanan, vp
David Lunghino, genl mgr, nutrition prods
Mary Ann McCollough, mktg mgr, Chico-San
Mike Milone, genl mgr, mktg
Virgil Knapke, mktg mgr, Near East Foods

PACKAGED GOODS DIVISION

William Springer, vp
Ben Fisher, genl business mgr, soups, beans, vinegar, sauces
Robert Roussey, genl business mgr-pickles baby foods, foodservice

SALES DIVISION

W.V. Costello, vp
G.K. Ferguson, genl mgr, grocery sales
J.C. Peterson, genl mgr, foodservice sales
W. Moquin, genl mgr, specialty sales
H.M. McNamara, genl mgr, sales

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Chico-San, Weight Watchers foods—Jim Hanzlik, vp-acct dir.

Leo Burnett USA, Chicago—ketchup, pickles, relishes, gravy, wet & instant baby food, Near East—T. Ross, exec vp; J. Herscovitz, vp-acct dir.

Food Group, New York—foodservice prods—D. Axleroad, president.

Ketchum Advertising, Pittsburgh—57 & barbecue sauces, vinegar, Alba prods—K. Umansky, sr vp-group dir.

STAR-KIST FOODS
Terminal Island, Calif.

Marketing Personnel

W.H. Gassett, vp-mktg, pet foods
T.E. Sanford, genl mgr-mktg services & new prods
A. Ayotte, vp-sales
J.T. O'Meara, genl mgr-seafood mktg
P.L. Bowen, genl mgr-cat food mktg
E.S. Moersch, genl mgr-dog food mktg
R. Worsham, genl mgr-sales devel
R. Roberts, field sales mgr

Advertising Agency

Leo Burnett USA, Chicago—StarKist tuna, 9-Lives cat food, Amore cat food, Jerky Treats dog treats, Meaty Bone dog snacks—B. Shen, sr vp-acct dir.

ORE-IDA FOODS
Boise, Idaho

Marketing Personnel

Geoffrey V. Supko, vp-sales and mktg
Patrick J. Kinney, genl mgr-food svcs sales
John Heil, genl mgr, retail vegetable prods
M. Vince Shaar, genl mgr-retail sales
Martin V. Thomas, genl mgr-sales & mktg svcs
Stanford P. Darger, vp-sales & mktg, Foodways National-Gagliardi Bros.
Douglas C. Haines, genl mgr-formulated prods, Foodways National-Gagliardi Bros.

Advertising Agency

DDB Needham Worldwide, New York—Robert Freeman, group sr vp.

WEIGHT WATCHERS INTERNATIONAL
Jericho, N.Y.

Marketing Personnel

Dr. Lelio G. Parducci, vp-mktg & devel
Leonard J. Tacconi, natl mktg mgr
Kathy Diamond, asst mktg mgr
Linda Fusaro, asst mktg mgr
Anna Paetzold, asst mktg mgr
Michael Schiffmiller, mgr-adv & promo, co-owned areas

Corporate Media Buying

SFM Media Buying Corp, New York—print media buying—David Tabin, sr vp.

Advertising Agencies

DDB Needham Worldwide, New York—tv, radio, print—Alan Krinsky, mgmt super; Mary Beth Williams, acct exec.

Nancy Fisher & Partners—Weight Watchers print—Nancy Fisher, president.

Manning Selvage & Lee, New York—pr—Florence Greenberg, acct super.

Rapp & Collins, New York—direct mktg—David Scholes, exec vp; Gail Lynch, acct exec.

Hershey Foods Corp.

RANK **80**

Hershey, Pa.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,170	1,996	8.7
Net income	133	121	10.0
U.S. advertising	111	120	(7.4)
Division sales	**1986**	**1985**	**% chg**
Confectionery	1,441	1,337	7.8
Restaurant	537	472	13.8
Other food	192	188	2.3

Acquisition and new product development continue to provide avenues of growth at Hershey Foods Corp., whose confectionery segment still accounts for more than 66% of sales and 80% of operating income.

Hershey's corporate strategy to pursue acquisitions in the areas of manufacturing, distribution, sales and marketing of food items, and restaurant operations, was met with the October acquisition of Reading, Pa.-based Dietrich Corp.'s cough drop and confectionery business.

The buyout moves the company even closer to archrival Mars Inc. for market leadership in the $8 billion U.S. candy market. Most analysts place the companies within a share point, with Hershey fractions of a point below and Mars slightly above 36%.

With estimated sales of $90 million, the Dietrich acquisition gives Hershey candies such as 5th Avenue brand, Queen Anne chocolate covered cherries and Mello-mints peppermint patties, as well as Luden's cough drops.

Luden's provides Hershey with an entry into a market segment that had been tested and abandoned by Mars in 1985. Luden's holds an estimated 16% to 18% market share, in a market estimated at $120-$192 million at retail. Warner-Lambert's Halls brand with 50%, and Procter & Gamble (Richardson-Vicks) Vicks brand at 16% to 18% are other key players in the category.

A mid-1987 acquisition of the Canadian confectionery and snack business of Nabisco Brands Ltd. further enhances Hershey's position. Hershey will take over the manufacture and distribution of Nabisco Canadian brands which have sales of $200 million (Canadian). Brands include O Henry, Life Savers, BreathSavers, Planters nuts, Chipits chocolate chip, and Carefree and Bubbleyum chewing gums.

"Momentum is with Hershey," says Leonard Teitelbaum, vp capital markets for Merrill Lynch. "It is keeping the pressure on with its acquisitions and new product development. The company has done an excellent job of expanding its market. Though it says it is committed to acquisition, it can generate plenty of growth with its strong new product development."

Two new Hershey items introduced in late 1986 are expected to extend the company's appeal to mature candy eaters. Grand Slam, a chocolate-coated, crisped rice, caramel and peanut bar, and Bar None, a chocolate-coated chocolate wafer product, were each test marketed in the western U.S.

National rollout of Bar None is slated for September 1987.

Sales of Hershey's 35 established chocolate and confectionery products were strong in 1986, with half of the unit's sales increase attributed to volume gains. The remainder is attributed to a January retail price increase, upping the average bar price from 35 to 40 cents.

By July, Hershey had instituted a 10-14% increase in bar weight to help soften the impact on consumers of the price increase.

Faced with a market situation where competitors increased advertising and promotional spending, Hershey's overall measured spending of $65 million was 5.7% below 1985 levels.

Reese's peanut butter cup continues to be the sales leader among Hershey brands, supported by $6.3 million in advertising spending, down 16% from 1985. Spending also declined on Hershey's candy bars, down 4.5% to $17.75 million; Her-

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shey's Kisses, down 17.1% to $5.8 million, and the renamed Hershey's granola bars, down 63% to $2.5 million.

Spending increases were seen in multiproduct advertising, up 47% to $3.1 million and on specialty products such as Rolo candies, up 54% to $1.4 million, and Hershey's chocolate chips, up 314% to $1.1 million. Spending remained virtually unchanged at $3.2 million for Skor candy bars.

Acquisitions also led activity for Hershey's Friendly Ice Cream Corp. division. Two New England restaurant chains were folded into the Friendly operation during 1986—Idlenot Farm Restaurants of Springfield, Vt., a chain of 12 ice cream and sandwich shops in Vermont, New Hampshire and New York, and Litchfield Farm Shops Inc. of Waterbury, Conn., a chain of 23 ice cream and sandwich shops located in that state.

Friendly now operates more than 825 restaurants with take-out ice cream service. In addition to building concentration in the northeastern states through acquisition and conversion, Friendly has built outlets in non-traditional locations such as hospitals and museums.

Friendly also engaged in an active expansion program in Florida. By year end, it had 12 restaurants operating in the Orlando area, with six additional units slated to open in 1987.

To support these restaurants in a generally sluggish consumer climate, Friendly increased its advertising spending in measured media by 45.1% to $5.28 million.

During 1986, Hershey saw its market leadership position in the pasta market slip as rival Borden manifest a voracious acquisitions appetite. Borden held an estimated 17% of the market at the end of 1986, with its Creamettes and Globe A1 Pasta, to Hershey's estimated 16.8%, spread among its six regional brands. However, with Borden's 1987 acquisition of Prince, which held an estimated 7% of the market, Borden is the undisputed market king.

However, such leadership is of questionable value, according to analyst Mr. Teitelbaum, who doubts that "pasta is anything other than a regional market. I don't think that it makes much sense to market pasta on a national level since there are such strong brand loyalties by region. On a region-by-region basis, Hershey's brands are very strong."

Media ad spending in support of Hershey's pasta brands is relatively modest compared with the company's other lines, totaling only $2.3 million in measured media. Among the individual products, San Giorgio pasta products, distributed in Pennsylvania, Ohio and Indiana, received the largest spending—$844,400 up 54% from 1985 levels. American Beauty pasta, which was rolled out into the Pacific Northwest and California from its midwestern base, received a 47.7% spending boost, up to $759,800. Skinner pasta, a southeastern regional brand had a spending increase of 52%, up to $564,400.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	67	513
Magazines	10,403	12,424
Newsp. supp.	138	170
Bus pubs	175	231
Network TV	26,289	32,554
Spot TV	23,099	18,412
Network radio	2,130	3,261
Spot radio	947	892
Outdoor	53	4
Network cable	1,710	1,707
Total measured	65,010	70,167
Unmeasured	46,325	50,000
Total	111,335	120,167

HERSHEY FOODS CORP.
100 Mansion Road East
Hershey, Pa. 17033
(717) 534-4000
HERSHEY CHOCOLATE CO.
Hershey, Pa.

Corporate Personnel

Joseph P. Viviano, president

Marketing Personnel

Jay F. Carr, vp-mktg
Anthony J. Pingitore, dir-new business devel

Advertising Agencies

DDB Needham Worldwide, New York—Hershey's syrup, Hershey's chocolate milk, Kit Kat, Luden's cough drops, Mr. Goodbar, Reese's Pieces, Skor, Whatchamacallit, Y&S candies, new prods—Peter Tate, exec vp; Brian Trelfall, sr vp-mgmt super; Emily Cohen, vp-mgmt super; Mike Prioletti, Anne Ryan, acct supers.

Ogilvy & Mather, New York—Hershey's Kisses, Hershey's milk chocolate bars, Hershey's milk chocolate bar with almonds, Hershey's baking chocolate, Hershey's chocolate chips, Hershey's cocoa, Hershey's fudge topping, Golden Almond bar, Golden Almond Solitaires, Golden III, Reese's peanut butter cups, Reese's peanut butter chips, Big Block, Rolo, Hershey's miniatures, Hershey's granola bar, Giant Kiss, Marabou milk chocolate rolls, Bar None, Grand Slam, 5th Avenue, new prods—Michael Vaughan, sr vp-group dir; Gerry Lantz, sr vp-mgmt super; Jeanne Murphy, Michael Edmeades, Leslie Riech, vps-acct supers. Tony Macinovich, sr vp-assoc media dir; Kristie Allen, David Leveton, Lisa Gallant, vps-asst media dirs.

FRIENDLY ICE CREAM CORP.
Wilbraham, Mass.

Corporate Personnel

John F. Cauley Jr., president
Joseph A. O'Shaughnessy, sr exec vp

Marketing Personnel

John M. Sauve, vp-mktg

Advertising Agency

Ingalls, Quinn & Johnson/BBDO, Boston—Don O'Dell, sr vp-mgmt super; Don Carlin, acct super; Mary D. Brown, Susan Z. Hiller, acct execs; Sally Bodie, acct mgr; Megan McConaughy, asst acct mgr.

HERSHEY PASTA GROUP
Hershey, Pa.

Corporate Personnel

C. Mickey Skinner, president-ceo

Marketing Personnel

Clifford K. Larsen, vp-mktg

Advertising Agency

Della Femina, Travisano & Partners, New York—American Beauty, Delmonico, Light 'n Fluffy, P&R, San Giorgio, Skinner brands—Allen M. Clark, exec vp-mgmt super; Ed Daly, Karen Perry, acct execs.

Top 25 cable network advertisers

Rank	Advertiser	Cable network ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	Procter & Gamble Co.	$27,673	$28,534	(3.0)	1.9
2	Philip Morris Cos.	22,186	20,732	7.0	1.6
3	Anheuser-Busch Cos.	19,487	16,395	18.9	3.0
4	Mars Inc.	17,668	11,605	52.2	5.7
5	Time Inc.	16,037	12,825	25.0	8.4
6	General Mills	15,538	11,473	35.4	2.8
7	RJR Nabisco	10,455	8,339	25.4	1.1
8	Gillette Co.	7,738	1,988	289.2	6.0
9	General Motors Corp.	7,203	4,724	52.5	0.9
10	American Home Products Corp.	6,821	4,720	44.5	1.7
11	Sterling Drug	6,169	4,923	25.3	2.8
12	Coca-Cola Co.	5,997	4,598	30.4	1.6
13	Wm. Wrigley Jr. Co.	5,677	3,628	56.5	5.9
14	Lee Pharmaceuticals	5,652	1,402	303.0	7.4
15	Clorox Co.	5,444	4,144	31.4	6.1
16	Johnson & Johnson	5,292	3,411	55.1	1.3
17	Unilever NV	5,212	3,787	37.6	1.0
18	Honda Motor Co. Ltd	5,124	4,210	21.7	2.5
19	PepsiCo Inc.	5,107	4,885	4.5	0.9
20	Bristol-Myers Co.	5,041	4,456	13.1	1.5
21	Ford Motor Co.	4,748	6,068	(21.8)	0.7
22	Delta Air Lines	4,448	4,715	(5.7)	4.3
23	Levi Strauss Associates	4,381	4,749	(7.8)	5.7
24	Turner Broadcasting System	4,378	4,130	6.0	13.1
25	MCA Inc.	4,206	3,845	9.4	4.1

Source: Broadcast Advertisers Reports as reported by Leading National Advertisers
Note: Dollars are in thousands

Hewlett-Packard Co.

RANK **94**

Palo Alto, Calif.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	7,102	6,505	9.2
Net income	516	469	10.0
U.S.	**1986**	**1985**	**% chg**
Sales	3,812	3,696	3.1
Operating profits	537	644	(16.6)
Advertising	92	66	37.9
Division sales	**1986**	**1985**	**% chg**
Equipment	5,622	5,267	6.7
Service	1,480	1,238	19.5

Hewlett-Packard Co. readied its long-awaited HP 3000 line of computers for marketing in 1986, only to have software problems delay distribution until August 1987 in what analysts viewed as Hewlett's all-or-nothing technological gamble.

Nevertheless, the Palo Alto, Calif.-based marketer of computers and medical instruments emerged from a 1985 slump in which net profits plummeted 28.5%. In fiscal 1986, income increased 10% worldwide to $516 million—thanks to the weak U.S. dollar and strong overseas sales.

Profits have kept climbing in 1987. In the three quarters ending July 31, 1987, earnings were up 19% to $426 million on sales of $5.8 billion, up 9.6%.

H-P's advertising expenditures were propelled forward 38% over 1985 spending largely because of the "What if" image campaign produced by Leo Burnett USA, Chicago. These ads presented H-P as a thoughtful innovator and marketer of business work stations. Part of the campaign's aim was recognition and awareness that business systems, not other products, are H-P's main business.

"We were getting calls from people saying, 'I'm looking for parts for my Packard automobile,' " says Karen Gervais, manager of H-P press relations. Network TV spending rocketed from $4.4 million in 1985 to $20.5 million—none of it for specific products. The other notable media shift was a 61.5% slash in measured magazine spending to $3.44 million. Direct-mail was used to inform consumers of product introductions.

H-P marketing veered from product-specific advertising toward a corporate image approach in 1986. Seven-media measured spending figures of BAR/LNA show that H-P cut ad spending for all categories except "general promotion" by 48% to $3.4 million in 1986. A meager $1.5 million was spent to market business computer systems, factory and office automation systems and personal computers.

Workforce cuts and product intro delays characterized 1986. Effective last October, 1,515 employees accepted voluntary severance or early retirement programs, at a cost of $22 million. At the end of fiscal 1986, there were 2,000 fewer employees than in 1985. Additionally, the long-awaited HP 3000 Series 930 business minicomputer was kept in the wings.

The Series 930, first shipped in August 1987 to ASK Computer Systems, Los Altos, Calif., plus the revolutionary technology behind it, are viewed by analysts as healthy signs for H-P. "No longer can the skeptics on the outside say 'They don't have a machine,' " says Adam Cuhney, an electronics industry analyst for Kidder Peabody, San Francisco.

The Series 930 retails for $180,000—some $45,000 less than when it was first announced. But the current Series 930 has twice the memory of the product that was first introduced. The Spectrum technology reportedly makes the business minicomputer twice as powerful as H-P's existing models.

The Series 930 and Series 950, a more powerful $260,000 business computer slated for shipment before 1988, puts H-P in direct competition with Digital Equipment Corp. (DEC) and IBM.

Both computers use H-P's new concept of reduced instruction set computing, or RISC. RISC essentially is a simplified philosophy of computer design, affording fast computation by leaving out complex computer functions. Usually, additional functions merely add to a computer's size and cost.

RISC allows H-P to undercut comparable DEC computers by 15%-20% in price, and to come in up to 30% lower than comparable IBM models, claims Mr. Cuhney, who says DEC and IBM are "reluctantly following" H-P into RISC technology.

Also this year, H-P introduced three terminals—the HP 700/41, 700/42 and 700/71. The HP 700/42, designed for use with DEC computers, sells for $500, or 28% below competitors' prices. The 700/41 sells for $375 and the 700/71, for use with IBM computers, retails for $675.

H-P stepped up spending for research and development by 20% to $824 million in 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	158	452
Magazines	3,440	8,936
Newsp. supp.	0	97
Bus pubs	8,036	9,179
Network TV	20,547	4,389
Spot TV	42	92
Spot radio	56	263
Outdoor	1	10
Network cable	91	51
Total measured	32,370	23,467
Unmeasured	59,314	43,000
Total	91,684	66,467

HEWLETT-PACKARD CO.
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Corporate Personnel

David Packard, chmn
William R. Hewlett, vice chmn
John A. Young, president-ceo

Marketing Personnel

Richard C. Alberding, exec vp-mktg & intl mktg
Mike Naggair, dir-mktg comm & svcs

HEWLETT-PACKARD AVONDALE DIVISION
Avondale, Pa.

Marketing Personnel

Jeffrey Langan, genl mgr
Sam Fratoni, mktg mgr, GC

HEWLETT-PACKARD CO. MEDICAL PRODUCTS GROUP

Marketing Personnel

Ben Holmes, genl mgr
Donald Schoeny, mktg mgr
Ted Koern, mktg comm mgr
Joseph P. Laskowski, adv mgr

Advertising Agencies

Leo Burnett USA, Chicago—business computer systems, peripherals—Bill Boris, exec vp; Gary Kroll, vp-acct dir; Raj Gupta, vp-acct super; Jean Donovan, acct super; Frank Pasquale, Nelson Pratt, Jim Romey, acct execs.

Giardini/Russell, Watertown, Mass.—medical prods group—Richard Warren, president; Rich Haigis, vp-acct svcs; Bill Green, acct super; Ann Seaman, acct coord.

Pinne, Garvin, Herbers & Hock, San Francisco—analytical & component groups—Laurie Dahl, acct super; Andre Bazire, acct exec.

Saatchi & Saatchi DFS, San Francisco—computers, microwave technology, mfg systems—Ron Colnett, chmn; Carol Cotton, sr vp-mgmt super; Tom Barquimero, Susan Simmons, acct supers; Onno Maas, acct exec.

Tallant & Yates, Denver—electronic instruments & engineering systems groups, strategic planning & rsch—Buck Krawczyk, acct mgr; Rich Allen, acct super; Dan Thomas, vp-rsch & media.

Honda Motor Co. Ltd.

RANK **41**

Gardena, Calif.

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	18,747	19,016	(1.4)
Net income	546	957	(42.9)
U.S. advertising	205	156	31.1

American Honda Motor Co., a subsidiary of the third-ranked Japanese car producer in Japan and largest overseas-based marketer of autos in the U.S., boosted its 1986 unit car sales in the U.S. by 25.5%, supported by a comparable hike in ad spending and increased domestic U.S. production.

American Honda's parent, Honda Motor Co. Ltd., Tokyo, posted net earnings of $547 million on worldwide sales of $18.7 billion for the 1987 fiscal year ended Feb. 28, 1987. While total revenues for the year were down only 1.4%, earnings took a sharp 43% drop, which Honda attributed to strengthening of the Japanese yen and reduced sales of motorcycles and power products.

Figures for both 1987 and 1986 fiscal years were converted from yen to dollars at the rate of Y153 = $1.

Nearly 70% of the revenues of the parent Honda Motor Co. come from the sale of its autos, motorcycles, ATVs, scooters and power equipment in overseas markets. About 50% of its business is from the North American market alone. The appreciation of the yen against the dollar has made Honda products more expensive abroad, cutting into profitability.

Worldwide unit sales keep moving up for Honda autos, however, rising 15.6% to a record 1,582,000 units in fiscal 1987, reflecting the expansion of overseas production and dealership networks in such major markets as the U.S.

Sales of imported Honda cars in the U.S. in 1986 totaled 458,268 units (405,399 with the Honda nameplate and 52,869 of the newly introduced Acura Legends and Integras), up 11% from 1985. This represented a 14.1% share of the import car market, down slightly from 14.3% in 1985.

Sales of U.S.-built Accords and Civics were 235,247, up 61.2%, giving Honda total car sales of 693,515, up 20.3%. This represents a 6% share of the U.S. market, making Honda last year's leader among foreign-based automakers. Toyota ranked second with a 5.7% share, Nissan third with 4.8%.

Honda projects U.S. sales of 750,000 units for 1987—110,000 Acuras and 640,000 Hondas—and one million Hondas and Acuras by 1990. This increase appears within reach because of the company's steadily expanding production facilities in the U.S.

Unlike truck imports, the import of cars is limited by the self-imposed quotas assumed by the Japanese car marketers under the Voluntary Restraint Agreement. Honda of America began producing the Accord model at its Marysville, Ohio, plant in 1982, adding Civic sedan production at Marysville in 1986.

The Marysville plant, with a capacity of 360,000 cars a year, has given Honda a major advantage over some of its larger Japanese competitors by allowing it to top import quotas from Japan with domestic U.S. production. This has helped Honda become the top-selling Japanese car company in this country in 1986 (exclusive of truck sales).

In early 1987 Honda announced it would invest $450 million to expand a plant at Anna, Ohio, to manufacture engine and drive train components for Accord and Civic autos assembled in nearby Marysville. The Anna plant has been producing motorcycle engines for a year and a half.

Sales of the new luxury/performance cars of the Acura division, launched in 1986, fell short of the original forecast of 58,000 units, and the shortfall resulted in a push to expand the dealer network.

There were about 150 Acura dealers at the end of 1986, a total that was expected to reach 300 by the end of 1987 and 600 within several years. Dealers have been told a more upscale car, priced above the Legend, is on the way. The model reportedly will be a sedan, larger than Legend.

Expansion of the Acura dealer outlets was supported by a doubling of media spending to more than $40 million for 1987. Measured expenditures for 1986 amounted to $24.5 million, with the ad budget split 40%-40% Legend/Integra, with 20% devoted to divisional promotions.

A revised budget is now split about 60%-40%, Integra/Legend. At $11.5 million, national magazines and enthusiast publications accounted for the biggest media outlays.

TV spots which broke in the fourth quarter positioned the Legend touring sedan against the European luxury imports. Integra spots emphasize the car's Formula One racing heritage.

The Acura Legend was named *Motor Trend* magazine's '87 Import Car of the Year, with the Acura Integra placing second in the magazine's annual competition.

Following the launch of the Acura and total redesign of Accord in 1986, the only major change in the 1987 model line was a new 4-wheel-drive version of the Civic wagon. The top-selling Civic/CRX models (212,791 units sold at prices ranging from $7,600 to $9,600) accounted for the major slice of the budget, with total media spending measured at $31 million, some 60% in network TV.

Spending in support of the Honda Accord, which accounted for sales of 112,767 units at prices ranging from $9,795 for a three-door hatchback to $14,959 for the four-door LXi sedan, was measured at $14.7 million, half in network TV, via Ketchum Communications.

Measured ad spending for the top-of-the-line Prelude models ($15,475 for the automatic Si coupe) reached $4.1 million, and there are signs it may top that figure this year because of a campaign that broke midyear. Rubin, Postaer & Associates, Los Angeles, handles.

Honda and Mazda have raced to be first to introduce a four-wheel-steering option for the 1988 model year. The feature allows the rear wheels to steer the car in concert with the front end. Earlier this month, Honda introduced an all-new line of Preludes that feature 4WS, and it will support the Preludes with a $10 million campaign. Mazda also began marketing its 626 models with the 4WS option earlier this month. It is promoting safety as the main 4WS benefit. Honda is pushing the option as another example of its technological capability.

The new Prelude sport coupe will be followed this fall by a new generation of more upscale Civics, leaving Accord as the only carryover model in the Honda lineup in 1988.

Honda maintained its dominant position in the world motorcycle market and held a 45% share of the U.S. market in 1986, down slightly from 48.6% a year earlier. It is followed by Yamaha at 17.8% (up from 16.9%), Kawasaki at 14.9% (unchanged), Suzuki at 12.2% (up from 10.1%) and resurgent Harley-Davidson at 9.6% (up from 7%).

Honda also led the competition in sales of all-terrain vehicles in 1986 with a 59% share, down from 63.5% a year earlier. And Honda held a commanding lead in motorscooters with an 83% share, followed by Yamaha and Vespa.

The 1986 calendar year saw the introduction of a new 4WD ATV, an industry first that was quickly parroted by the competition. Honda's entry, which had the support of network TV, was the Four Trax 4x4, priced at $3,398. TV spots carried the tagline "Follow the leader, he's on a Honda," a theme since 1979.

The year ended with Honda spending an estimated $20 million on motorcycle advertising, most of it in network and spot TV and magazines. The combined annual budget for motorcycles, scooters and ATVs is estimated at topping $45 million, up about 10% over 1985.

Honda's motorcycle line for 1987 included the introduction of three new entry-level models—250cc Rebel, an on-road bike; the 200cc Fat Cat, an off-road machine and the 200cc Reflex, a dual-

First in a series of discussions in the M/A/R/C Symposium.

A Candid Discussion About Database Marketing.

Q: What is the difference between database marketing and traditional direct marketing?

A: Database marketing is the next evolution of direct marketing. The primary difference is the ability to communicate more precisely with different market segments and incorporate the consumer response back into the database. Once the response information becomes part of the file it can be used for segmentation purposes in creating the next direct marketing program. The advances in the data processing industry over the last 10 years have made storing of large amounts of information about prospects and customers much more affordable. The real magic is in the analysis of the data and its application to a particular marketing problem.

Q: I currently employ targeting tactics in my media buys. How will this be different in a database marketing environment?

A: It'll give you the ability to communicate more precisely with identified market segments. Analysis of promotion responders can yield strategic marketing direction.

So, the collective intelligence of the database improves with use. By appending the database with additional information from previous promotions or database overlays, targeting can be refined to much higher levels. Each new promotion or database overlay added to your consumer database provides more marketing variables to segment market niches that have a higher propensity to respond to your offer.

Q: What kind of marketing applications should be considered for database marketing?

A: Categories which have a high degree of switching, are mature, or have well-defined niches are excellent candidates. Examples of programs which work well in a database strategy are competitive and continuity promotion programs, frequent traveler and shopper programs, sales lead generation and business-to-business direct marketing programs.

Q: If you had to describe the biggest difference between M/A/R/C Database Marketing and others, what would it be?

A: There is a big difference between just collecting information and knowing what to do with it. The most important difference is our ability to leverage over 25 years of marketing and consumer research experience to design, develop and implement marketing programs that best suit your needs. It becomes a matter of knowing what to ask, and then knowing what to do with the answers. Database marketing allows you to communicate with each customer on an individual basis and create a dialogue that will continually enrich your market intelligence. As an example, we very often uncover information that points to needed changes in the marketing mix. So, the results of the interpretation of the information can optimize strategic marketing programs. M/A/R/C can also identify cross-selling opportunities, either for existing products and services or for new introductions. And, you can use it as a tool to outmaneuver your competition's marketing strategy in as many or as few markets as you choose. With M/A/R/C Database Marketing, pre-emptive planning will become the norm because you will have quantified knowledge of the category consumer base.

Q: Isn't database marketing going to make an already expensive advertising vehicle even more so?

A: The true benefit of database marketing is that it optimizes each marketing program that you run. As mass media costs rise and response to these programs gets harder to quantify, the need for measurable marketing solutions increases. The ability to fine tune your targeting, so you only reach those prospects which have a high probability of responding, can dramatically reduce your costs while improving your volume. M/A/R/C can provide a turnkey test of database marketing with your brand or service for less than $100,000.

Q: I know M/A/R/C has a great reputation in custom research, but I imagine you use a service bureau for database management. Don't you?

A: No. Most direct marketing agencies do use a service bureau. M/A/R/C is unique. Information has long been our business and our state-of-the-art computer capabilities enable us to do everything in-house. We think it is the only way to offer clients a formula for success where one plus one equals four.

M/A/R/C has a long history of proactive client service. We have been dedicated for the past two decades to working with clients to understand and create the best product or service mix to sell in changing market conditions. This expertise and dedication to service are carried forward into our newest service, database marketing. When you think about it, an integrated system customized to meet your individual needs – a system that's capable of revolutionizing your marketing strategy – is a powerful concept.

Q: OK. You've got my attention. How do I find out more about M/A/R/C Database Marketing?

A: Call Ken Orton at 1-800-527-2680 or return the coupon.

☐ *Yes, I want to arrange an interview to find out how effective M/A/R/C Database Marketing can be for my company.*

☐ *I'm interested, but before we meet, call me at my office.*

Name ____________________

Company ____________ *Title* ____________

Address ____________________

City, State, Zip ____________________

Telephone ____________________

M/A/R/C Inc.
Ken Orton, Vice President
P.O. Box 650083
Dallas, TX 75265-9990

MARC

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purpose on/off-road vehicle. All are priced at about $1,500.

Honda's 1987 scooters got big play in a $10-million campaign that broke mid-May. TV commercials featured documentary-type shots of the teen-targeted Elite 50 model and top-of-the-line Helix scooters moving in traffic to lively rock music. The spots, filmed in 8mm, bear a grainy look that resembles home movies.

Last year, the company formed Honda North America Inc., a separate unit that was established to coordinate activities of Honda's 13 U.S., Canadian and Mexican subsidiaries.

Tetsuo Chino, former president of American Honda Motor Co., was named president of the new company, which is headquartered in Torrance, Calif.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	21,087	10,331
Magazines	32,518	23,940
Newsp. supp.	472	438
Bus.pubs	224	264
Farm pubs	419	514
Network TV	60,778	55,109
Spot TV	20,855	9,820
Network radio	3,831	3,323
Spot radio	3,935	5,881
Outdoor	64	90
Network cable	5,124	4,210
Total measured	149,307	113,920
Unmeasured	55,775	42,556
Total	205,082	156,475

AMERICAN HONDA MOTOR CO.
100 W. Alondra Blvd.
Gardena, Calif.90247
(213) 327-8280

AUTOMOBILES

Corporate Personnel

Y. Munekuni, president

Marketing Personnel

K. Amemiya, exec vp
T. Elliott, sr vp-operations
J. Billmyer, sr vp-sales
E. Taylor, vp-Acura sales
Eric Conn, auto adv mgr
Kurt Antonius, pr mgr

MOTORCYCLES

Corporate Personnel

John Petas, sr vp

Marketing Personnel

Ray Blank, sr mktg mgr
Neil Leventhal, motorcycle/scooter/ATV natl adv mgr
Jon Row, motorcycle comm mgr

POWER EQUIPMENT

Corporate Personnel

A. Miwa, vp
Terry Mulligan, asst vp

Marketing Personnel

Pat Curtiss, power equipment prod planning mgr

Advertising Agencies

Dailey & Associates, Los Angeles—power equipment, motorcycles, ATVs— Dennis Kanagac, vp- mgmt super. Power equipment—Roger Van Remmen, mgmt super; Dixon Head, acct super; Keith Frank, asst acct exec.

Ketchum Advertising, Los Angeles—Acura autos—Craig Mathiesen, president; Peter Goodwin, Kevin Kitagawa, vp-group acct supers; Ron Buckhammer, sr vp-mgmt super; Martin Macdonald, sr vp-creative dir.

Rubin, Postaer & Associates, Los Angeles—autos—William Hagelstein, sr vp-group acct dir; Chuck Valentine, vp-acct dir.

Wieden & Kennedy, Santa Monica, Calif.—scooters—David Luhr, mng dir; Barbara Billitzer, acct super.

IC Industries

RANK **51**

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,222	3,987	5.9
Net income	(56)	186	(130.0)
U.S.	**1986**	**1985**	**% chg**
Sales	3,771	3,600	4.8
Operating profits	24	403	(94.1)
Advertising	165	179	(7.8)
Division sales	**1986**	**1985**	**% chg**
Consumer prods	2,027	1,546	31.1
Electric comp	884	753	17.4
Fluid technology	748	659	13.5
Defense & space	1,279	1,122	14.0
Insurance	8,192	6,272	30.6
Financial services	1,359	1,259	7.9
Communications	1,047	891	17.5
Hotels, develop.	675	635	6.3

In 1986, IC Industries moved to reallocate its corporate resources into specialty foods produced by Pet Inc., consumer services supplied by its Midas International operation and commercial products as it took steps to merge or sell portions of its far-flung railroad operations.

Pet Inc., a division of the specialty foods group, reported record operating income of $125.4 million in 1986, a 24.3% increase over the record established in 1985. This earnings performance represented the sixth consecutive year of improved earnings for Pet, whose 1986 sales increased 9.5% to $966 million.

In November 1986, Pet purchased Ogden Food Products for $310.2 million. The Ogden unit includes Progresso's ready-to-serve soups, sauces, canned specialty vegetables, cooking oils and bread crumbs. The acquisition gives Pet a 26% share of the $500 million ready-to-serve soup segment, the company claims. Progresso has a 5% share of the $2 billion total soup market, which is dominated by Campbell Soup Co., with an 80% share.

Progresso products were supported by $8.4 million in seven-media spending, as measured by BAR/LNA. Also part of the Ogden acquisition were several other established brands, including Las Palmas Mexican foods and Hain & Hollywood health foods. During the year, Pet also acquired Primo through a merger with Primo Foods, La Creme from Kraft Inc., and Cajun Cookin' from Louisiana Seafood Packers.

Pet's best-selling brands include Old El Paso, with 31% of the $626 million Mexican dry grocery market and 13% of the $268 million frozen Mexican food market. The El Paso line received $9.3 million in measured-media ad support, up 57.4% in 1986. Other top sellers include Downyflake and Roman Meal, with 30% of the $213 million frozen waffle market; Progresso soups and Pet-Ritz frozen pie shells, with 75% of the $107 million frozen pie shell market.

Pet continued to expand in foreign markets, introducing Old El Paso Mexican foods into Australia and Japan. In 1986, Pet sold an evaporated milk plant and discontinued its food operations in Mexico.

Pet's 1986 product introductions included seasonings and salad dressings to the Old El Paso grocery line; new combinations of beans to the B&M baked beans line; salt-free seasonings to Accent; salt-free meat spreads to the Underwood meat spreads line; Whitman's frozen chocolate cream pies and Downyflake frozen breakfast entrees.

Earnings for Midas International Corp. increased 11.7% to $44.8 million, compared with the previous record of $40.1 million in 1985. Last year, Midas had 25% of the U.S. exhaust system replacement market, 11% of the brake market and 5% of the overall shock absorber, strut and front-end replacement market.

In its 30th anniversary year, Midas' network of stores grew to 2,100 shops in 10 countries, up 155 over 1985. The division acquired full ownership of Le Silencieux, its French subsidiary, several exhaust service shops in Australia and four shops in the U.K.

Midas decreased its measured media spending by 4% in 1986, to $36.1 million.

Pepsi-Cola General Bottlers, distributors of Pepsi-Cola and other soft drinks in eight midwestern states, set records for sales and operating income for the second consecutive year. Operating income of $55 million was up 3.8%. The distributor, Pepsi's second largest independent bottler, signed an agreement in August 1987 with GenCorp to buy its Pepsi bottling operation, RKO Enterprises. The merged units would become the largest independent bottler for Pepsi.

However, PepsiCo Inc., which has the right of approval in the transfer of a franchise, quickly nixed the deal. Analysts view PepsiCo's response as an indication it wants to build its company bottling operations, especially in light of Coca-Cola Co.'s acquisition of many of Coca-Cola's bottling operations into Coca-Cola Enterprises, which it spun off into a publicly held company in 1986. IC and GenCorp have filed suit against PepsiCo.

In 1986, the bottling division introduced PepsiCo's three new flavors of Slice—regular and diet orange, apple and cherry cola—in all markets. Slice, the No. 1 juice-added soft drink, accounts for up to 8% of bottling volume in some markets. Pepsi General continued to expand its fountain and vending machine business, as nearly 300 Kentucky Fried Chicken restaurants in Pepsi General markets switched to Pepsi products.

The sale or merger of the Illinois Central Gulf Railroad has been a top priority of IC Industries for several years. The company plans to divest all but a 3,000-mile core system running from Chicago to the Gulf of Mexico.

IC Gulf Railroad reported the third-best year in its history. Railroad activities, including real estate, had revenues of $706 million in 1986, down 22.4% from 1985 because of lower traffic volume resulting from the downsizing program.

Operating income was $86.3 million in 1986, up 12.2% over 1985. ICG sold seven line segments totaling 938 miles for $205 million in 1986, reducing system miles by 21% to 3,719.

IC's overall loss of $56.3 million from continuing operations was credited largely to third quarter costs associated with restructuring the rail operations and to an $80.4 million writedown of discontinuation operations at Pneumo Abex, an aerospace, industrial and fluid power concern.

Hussmann Corp., the industry's leading refrigerated display case manufacturer and refrigeration contractor in the U.K., continued its strong earnings growth, with operating income of $76.2 million, exceeding 1985's record by 33.2%. This large increase reflected, among other factors, the earnings of two food-service companies that were acquired in late 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,463	1,765
Magazines	2,867	3,556
Bus.pubs	345	0
Network TV	21,792	25,624
Spot TV	43,480	36,577
Network radio	707	1,101
Spot radio	441	9,767
Outdoor	95	134
Network cable	187	5
Total measured	72,377	78,528
Unmeasured	92,822	100,710
Total	165,199	179,237

IC INDUSTRIES
111 E. Wacker Dr.
Chicago, Ill. 60601
(312) 565-3000

Marketing Personnel

Wendell W. Larsen, sr vp-corp affairs
Harry A. Grove, dir-adv

Advertising Agency

Gardner Advertising, St. Louis—Aly Johnsen, acct super.

PET INC.
St. Louis, Mo.

GROCERY GROUP

Corporate Personnel

A. James Matson, group president

Marketing Personnel

John Ferguson, vp-mktg
Syl Stevenson, mktg dir
Gerald Hayes, mktg dir
Cindy Brown, mktg dir
Terry Hall, mktg dir

SPECIALTY GROUP

Corporate Personnel

John Mackey, group president

FROZEN FOODS DIVISION

Corporate Personnel

Raymond N. Felitto Jr., president

Marketing Personnel

David Burke, vp-mktg & sales

WHITMAN'S DIVISION

Corporate Personnel

James W. Nixon, president

Marketing Personnel

Tom McNulty, vp-mktg

BAKERY DIVISION

Corporate Personnel

Raymond N. Felitto Jr., president

Marketing Personnel

Ted Keller, vp-mktg & sales

Advertising Agency

Workshop West, Beverly Hills, Calif.—Elliott Uberstein, chmn & president

MIDAS INTERNATIONAL
Chicago, Ill.

Marketing Personnel

Russell J. Richards, vp-franchise operations/mktg
Karen Greco, adv mgr
Ralph F. Linder, vp-mktg

Advertising Agency

Wells, Rich, Greene, Chicago—Larry Singer, president; Vance Webb, sr vp-mgmt super; Bill Lower, sr vp-creative dir; Robert Difranco natl acct exec.

International Business Machines Corp.

RANK **31**

Armonk, N.Y.

($ in millions)

Worldwide	1986	1985	% chg
Sales	51,250	50,056	2.4
Net income	4,789	6,555	(26.9)
U.S.	**1986**	**1985**	**% chg**
Sales	25,362	28,511	(11.0)
Operating profits	1,603	3,450	(53.5)
Advertising	295	328	(9.9)
Division sales	**1986**	**1985**	**% chg**
Processors	13,161	12,081	8.9
Peripherals	11,264	12,658	(11.0)
Office systems	9,429	10,551	(10.6)
Program prods	5,514	4,165	32.4
Maintenance	7,413	6,103	21.5
Other	2,280	2,365	(3.6)
Federal systems	2,121	2,057	3.1
Other business	68	73	(6.8)

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WCFT-TV, CBS, Tuscaloosa, AL

Source: 1986 Survey of Buying Power
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WPBN-TV/WTOM-TV NBC
TRAVERSE CITY-CADILLAC-CHEBOYGAN, MICHIGAN
TRAVERSE CITY CADILLAC CHEBOYGAN, MICHIGAN

International Business Machines Corp. is restructuring its marketing and distribution functions in the U.S. following declines in worldwide earnings in both 1985 and 1986. The back-to-back slide in earnings was the first for IBM since 1933.

In addition to product introductions for all hardware lines, IBM focused on value added enhancements in hardware and software applications in 1986, analysts say.

IBM's total advertising spending fell an estimated 10% to $295.5 million in 1986 over the prior year, although IBM funneled $47 million into measured spending for personal computers, up 35% over 1985, according to BAR/LNA.

Despite the heavy spending, IBM's share of the $16.9 billion U.S. market for personal computers fell to 29.6% in dollars in 1986 from 40.6% in 1985, according to San Jose, Calif.-based Dataquest, a division of Dun & Bradstreet Corp. Also falling in share was Apple Computer Corp., the No. 2 maker, to 9.1% in 1986 from 10.3% in 1985. No. 3 Compaq increased share in 1986 to 6.6% from 5.2% in 1985.

IBM's decline was attributed to an onslaught of lower-priced IBM clones, and to the fact that the IBM-PC XT and PC-AT are nearing the end of their product life cycles. IBM's newest personal computer, the IBM System/2, introduced in April 1987, has the potential to put IBM back in the driver's seat, analysts say.

The problem is that System/2 hardware was introduced well ahead of applications software in order to blunt inroads by Apple Computer and Compaq in the business market, says Stephen P. Cohen, analyst with the Gartner Group, Stamford, Conn. "Now the market is in a state of transition [for IBM]," Mr. Cohen says.

It is not yet clear how IBM will fare given System/2's limitations in software. Another factor is Cupertino, Calif.-based Apple Computer's March 1987 introduction of two more powerful versions of its Macintosh computer.

Houston-based Compaq Computer's net income tripled in the second quarter of 1987, defying a predicted slowdown in Compaq's sales expected from inroads made by System/2's introduction. Although System/2 was a bright spot for the second quarter, IBM's profits fell 16% during the first six months of 1987 to $1.96 billion on revenues of $23.48 billion, up 4.8%, compared with the same period in 1986.

In April 1987, IBM changed the focus of its personal computer advertising from spotlighting a single user accomplishing business and personal objectives to showing a group of users accomplishing interrelated tasks.

In changing its approach, IBM's New York-based agency, Lord, Geller, Federico, Einstein shelved IBM's popular Charlie Chaplin character, who symbolized the single user, in favor of the group, represented by the main characters from the CBS TV series M*A*S*H.

Corporate general promotion accounted for IBM's second largest category with $28 million in measured spending for seven media in 1986, up 3% over 1985, according to BAR/LNA. The spending was divided mostly between network TV and consumer magazines.

IBM's change in strategy for marketing and distribution of all products reflects new emphasis on selling more applications software, complementary products, and custom products, says Robert Simko, executive director of International Technology Group, a Los Altos, Calif.-based consulting firm.

The overriding objective is to sell more products and services to key target markets, he says.

In applications software, IBM is focusing on its own products and on those of third-party vendors. For example, the OS/2 operating system for System/2 was designed by Redmond, Wash.-based Microsoft, but IBM also plans to introduce an enhanced version called IBM OS/2.

This has caused confusion, prompting Compaq in July 1987 to schedule a joint news conference with three major software companies to explain that OS/2 and other advanced software would run on IBM-compatible machines (i.e. Compaq). IBM's measured spending for personal computer software was $3.9 million in 1986, up 1%.

Another IBM objective is selling more complementary and peripheral products, analysts say. In recent years, IBM has increased its emphasis on joint ventures in horizontal applications, such as computer integrated manufacturing, and in vertical applications, such as IBM's arrangement with United Airlines to sell United's Sabre reservations system to travel agents.

In peripherals, IBM's had measured spending for printers in 1986 of $10 million, up 16% over 1985. Network radio claimed 37% of the media budget that also included heavy amounts for network TV and magazines.

IBM also had $2.8 million in measured magazine spending for graphics display systems, a new category, and $615,000 in magazine spending for modems, up 131% over 1985. IBM also spent a measured $11.3 million on electronic typewriters in 1986, down 21%, divided 82% network tv and 18% magazine.

A third area where IBM is concentrating is custom modified products for total office systems integration, Mr. Simko says. Examples include IBM systems for the Federal government, and announcement in 1986 of a total office automation project for Ford Motor Co.

"Hardware is still the dominant factor in IBM's plans, but they also have to sell the value added (enhancements) in both hardware and software to achieve their profitability goals," Mr. Simko says.

In the $2.8 billion market for high-end minicomputers, IBM's share in dollars plunged as several smaller companies picked up percentage points. IBM's share fell to 25.9% in 1986 from 49.9% in 1985. Meanwhile, DEC's share increased to 17.6% in 1986 from 14.2% in 1985. Data General and Ft. Lauderdale, Fla.-based Gould Computer Systems moved up with 4.2% and 3.2%, respectively, according to Dataquest.

DEC has taken the lead in the $3.1 billion market for low-end minicomputers with 38.1% in 1986, up from 10.1% in 1985. IBM's share in dollars in 1986 fell to 29.8% from 44.6% in 1985. No. 3 Wang is a distant third with 4.3%.

For minicomputers overall, IBM has a slim lead of 26% in dollar share over DEC, which has 19.1%. Following is Unysis with 3.5%, Hewlett Packard with 2.6% and NCR with 1.4%, according to Dataquest.

IBM's problems in mid-range systems stem from decentralization in the 1970s, analysts say. Divisions were given responsibility for their own products and launched a diverse line of hardware and software products that are difficult to interconnect. Digital takes full advantage of the situation by emphasizing in advertising that its VAX system permits interconnection now among all its products.

But IBM's October 1986 introduction of the 9370 Information System, and the introduction in 1986 of improved versions of IBM's System 36 and 38, should greatly improve IBM's interconnections and its competitive position, says Frederic G. Withington, a New York consultant.

"IBM has been held back by the dead hand of the past while DEC ruthlessly cut off all (non-VAX) products. DEC's window of opportunity is closing as the power of IBM's computers increases and the prices fall," Mr. Withington says. More power means IBM can emulate compatibility between products.

IBM's measured spending for the System/36 and System/38 was $6 million in 1986, up 11%, with network TV claiming 42% of the ad dollars and magazines and network radio the rest.

IBM still dominates the market for mainframe computers in the U.S. IBM's dollar share of the $6.7 billion market for mainframes grew to 71.8% in 1986 from 68.3% in 1985. No. 2 Unisys has 7.9%, Amdahl 5.6%, and Honeywell 5.4%, according to Dataquest.

IBM introduced two entry-level models of its 3090 mainframe in February 1986. The system is clearly more powerful, but IBM's lag time in creating software applications leaves a window of opportunity for smaller companies, such as Amdahl, which typically offer IBM compatible processors at 20% to 25% lower prices, Gartner Group's Mr. Cohen says.

IBM's reorganization of marketing and distribution started with the January 1986 appointment of Edward E. Lucente as group VP for the information systems group. Analysts say Mr. Lucente has set the tone and strategy of IBM's new focus in marketing and distribution. IBM also appointed in March 1987 Kaspar V. Cassani and Jack D Kuehler as executive VPs, the second-ranking posts in the corporation following the August 1987 retirement of Paul J. Rizzo as vice-chairman, a position that will not be filled.

Mr. Cassani, who assumed most of Mr. Rizzo's responsibilities, is now in charge of worldwide marketing in addition to the information systems group, which runs all marketing operations in the U.S. Mr. Kuehler is in charge of the Federal Systems Group, technology, and large-scale systems development.

In mid-July 1986, IBM concentrated

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all of its business at JWT Group agencies, involving roughly $200 million in billings. Winners were Lord, Geller, Federico, Einstein, the current agency of record for corporate and personal computers and related software, and J. Walter Thompson USA. Losers were Doyle Dane Bernbach, Leber Katz Partners, and Geer DuBois, all of New York. DDB was agency of record for TV buying.

The dismissal of DDB, which handled IBM's information systems group, was triggered by DDB's union with Needham Harper Worldwide and BBDO International to form New York-based Omnicom Group. BBDO has Apple Computer. Leber Katz Partners was dropped because of its merger with Foote, Cone & Belding, which services Westborough, Mass.-based Data General Corp., an IBM competitor in midrange computers.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	16,646	30,610
Magazines	39,008	52,538
Newsp. supp	1,373	2,015
Bus pubs	13,307	14,976
Network TV	69,906	62,749
Spot TV	1,335	2,227
Network radio	7,524	3,014
Spot radio	4,259	2,450
Outdoor	31	18
Network cable	1,129	832
Total measured	154,518	171,427
Unmeasured	140,980	156,407
Total	295,498	327,834

IBM CORP.
Old Orchard Road
Armonk, N.Y. 10504
(914) 765-1900

Marketing Personnel

Kaspar V. Cassani, exec vp
Jack D. Kuehler, exec vp
Edward E. Lucenti, vp-group exec, Info Systems
J.C. Daily, dir-adv & promo
J.F. King, dir-adv operations
W.P. Barton, dir-adv programs
M.C. Gury, mgr-corp tv adv & promo
R.W. Baker, mgr-corp print adv

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—corp, tv—Bill Wardell, sr vp-mng dir; Tina McDermott, vp-mgmt super; Nancy Stempel, acct super; Sue Matos, asst acct exec. Print media—Susan Spohn, Joanne Casino, acct supers; Andy Stoessel, acct exec; Karen Shuldiner, acct coord.

J. Walter Thompson USA, New York—corp & image adv for all prods & svcs—Don Bedard, vp-acct dir; Doug Foster, vp-sr acct super; Warren Milich, vp-acct super; David Riener, acct rep.

INFORMATION SYSTEMS

Marketing Personnel

D.T. Coker, dir-adv
R.J. O'Leary, workstation/admin prod-adv mgr
T.D. McGovern, systems/sector adv mgr

Advertising Agency

Lord, Geller, Federico, Einstein, New York—personal computers—Ray Freeman, exec vp-mng dir; Scott Lackey, vp-mgmt super; Greg Faust, acct super; Peter Tovar, Amy Fuller, acct execs; John Reilly, asst acct exec.

FEDERAL SYSTEMS DIVISION

Marketing Personnel

R.F. Dunkin, mgr-promo svcs & adv

Advertising Agency

HCM, New York-Jim Rosiello, vp-media super; Larry Lue, acct exec.

ITT Corp.

RANK **64**

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	17,437	14,663	18.9
Net income	494	294	68.2
U.S.	**1986**	**1985**	**% chg**
Sales	13,257	11,160	18.8
Advertising	126	149	(15.2)
Division sales	**1986**	**1985**	**% chg**
Automotive	2,027	1,546	31.0
Electronics	884	753	17.0
Fluid tech.	748	659	13.5
Defense & space	1,279	1,122	14.0
Insurance	8,192	6,272	30.6
Financial svcs	1,359	1,259	7.9
Communications	1,047	891	17.5
Hotels	675	635	6.3

ITT Corp.'s estimated U.S. ad expenditures dropped 15.2% in 1986 as Chairman-CEO Rand Araskog continued his efforts to divest the company of acquisitions made by his predecessor, Harold Geneen.

The corporate streamlining began in 1979, and since that time ITT has sold off more than half of its former holdings including the recent sale of its telecommunications equipment operations to a 37%-owned ITT joint venture with French-government-owned Cie. Generale d'Electricite. ITT also has made more than 40 acquisitions. In 1986, it sold 12 companies from its three remaining major business segments—industrial technology, diversified services and natural resources—for $597 million.

Income from the more than 100 sales since 1979 totals more than $4 billion. The proceeds went largely to reduce the company's debt. According to a company spokesman, ITT has reduced its debt by about $660 million. Its year-end debt-to-equity ratio was a 25-year low of 29-71 and shareholder equity of $46.17 a share was the highest in the company's history.

"Overall it's clear that in the last two years the company's returns have been improving," says Jack Kelly, a VP with Goldman Sachs, New York. He noted insurance, hotels (which Mr. Araskog earlier said he would consider selling) and forest products as the leaders in the revitalization of the company. "They also exited a major area that was not doing well," says Mr. Kelly, referring to the telecommunications equipment division; this was transferred to CGE for $1.5 billion as part of a joint venture agreement that gives ITT a 37% stake in the partnership.

The French deal was designed to create the world's second-largest telecommunications company (after American Telephone & Telegraph Co.) with sales of roughly $9.6 billion. It captured major shares of key European markets, including 80% in France, 60% in Spain, 40% in West Germany and 20% in Italy.

More acquisitions and sales may be in the future for ITT, but a company spokesman indicates the corporate strategy is to make acquisitions consistent with its major lines of business. "We are in the latter stages of an asset redeployment plan that we started in 1987," he says.

The spokeman adds that ITT intends to be among the top 10 businesses in the world in each of its major market segments—automotive parts, electronic components, fluid technology, insurance/financial services, defense and space technology, natural resources and hotels.

Overall, Mr. Kelly predicts ITT will continue its turnaround in financial results. He predicts 1987 net income of $8.48 million ($5.75 a share) and 1988 income of $9.35 million ($6.60 a share).

The determining factor for ITT's future, however, does not rest with the company's marketing, according to Mr. Kelly. "The key factors to improving returns at ITT are not related to marketing," he says, "but to improved manufactaring techniques, financial controls and focusing on the businesses that are making them money."

ITT declined to discuss its 1986 advertising budget. But its estimated general corporate promotion budget dropped to $4.7 million in 1986 vs. $13.5 million in 1985. That budget will go to new corporate ad agency, Wells, Rich, Greene in New York. WRG replaces Biederman & Co., also of New York.

According to figures compiled by BAR/LNA Multi-Media Service, the Sheraton Hotels division, which is the owner or franchisor of 488 hotels in 58 countries, was the top advertising spender among ITT's divisions in 1986. It spent more than $8.3 million, primarily in magazines, up 20% from 1985.

The Hartford Insurance Group's spending doubled to $6.8 million, mostly for business, auto and life insurance lines.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,239	2,465
Magazines	14,887	15,426
Newsp. supp	389	349
Bus pubs	6,133	5,668
Network TV	7,764	12,764
Spot TV	7,986	5,393
Network radio	530	530
Spot radio	0	4,665
Outdoor	1,181	1,199
Network cable	779	942
Total measured	41,890	49,401
Unmeasured	84,455	99,599
Total	126,344	149,000

ITT CORP.
320 Park Ave.
New York, N.Y. 10022
(212) 752-6000

Marketing Personnel

Juan C. Cappello, sr vp-dir govt relations, corp relations & adv

Advertising Agency

Wells, Rich, Greene, New York—Frank Sampogna, acct group head; Carl Strauch, acct exec; Lisa Karp, asst acct exec.

HARTFORD INSURANCE GROUP
Hartford, Conn.

Marketing Personnel

Roger Dove, sr vp-corp relations
Greg King, asst dir-adv
Ray Winter, creative dir

Advertising Agency

McCaffrey & McCall, New York—corp adv—Bruce Sherman, sr vp-acct super; Diane Stec, acct exec.

SHERATON CORP.
Boston, Mass.

Marketing Personnel

Robert Collier, vp, dir-mktg
Robert Quinn, vp, dir-adv
Adrienne Davis, vp, assoc dir-adv

Advertising Agency

HBM/Creamer, New York—Stanley Levitz, exec vp-mgmt super; Steven Godsick, sr vp-group super; Ruth Godfrey, vp-acct super; Pat Shaine, acct super; Emily Perkel, Felicia Wax, Tom Daly, acct execs.

Johnson & Johnson

RANK **21**

New Brunswick, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	7,003	6,421	9.1
Net income	330	614	(46.3)
U.S.	**1986**	**1985**	**% chg**
Sales	3,970	3,990	(0.5)
Operating profits	(13)	544	(102.4)
Advertising	411	401	2.4
Division sales	**1986**	**1985**	**% chg**
Consumer	3,009	2,775	8.5
Professional	2,262	2,207	2.5
Pharmaceutical	1,732	1,440	20.3

With the expiration of the exclusivity rights for marketing ibuprofen in September 1986, Johnson & Johnson introduced Medipren, its entry in that category, to help build its market share in the overall analgesic market already dominated by flagship Tylenol.

At year end, ibuprofens held [illegible] share of the analgesic market up from 9% in 1985 and will continue to climb this year as more companies introduce new entries. Other new competitors thus far include Thompson Medical Co.'s Ibuprin, several generic brands and a line extension from American Home Products called Trendar and Upjohn Co.'s Haltran, both marketed as menstrual pain relievers, a new segmentation.

Bristol-Myers' Nuprin and American Home Product's Advil had the exclusivity for two years in a category that is slowly pulling shares away from aspirin and acetaminophens such as Bayer and Tylenol, respectively.

Despite this latest pressure, McNeil Consumer Product's Tylenol remains No. 1 in the market with a less than 30% share at the close of 1986 down from nearly 33% in 1985. Advil is No. 2 with a 9.6% share which also holds two-thirds of the ibuprofen segment, according to Oleh Denysyk of Kline & Co. consulting firm in Fairfield, N.J. Tylenol's loss of shares was brought on by the ibuprofens, and because of the cyanide poisonings that led to the removal of the capsule form at mid-year.

The recall, which effected only a temporary glitch in supplies, cost J&J $130 million. Along with divestitures and discontinuations of various operations, this resulted in a deficit in U.S. operating profit for J&J in 1986.

Measured spending for Tylenol, according to BAR/LNA, increased only 1% again this year to $60.8 million after a 1.1% increase in 1985. Medipren, launched in September 1986, was supported by a measured $12.4 million in advertising. On an annualized basis, that would bring Medipren into the high spending category of segment leaders Bristol-Myers' Nuprin ($36.2 million) and AHP's Advil ($47 million).

Medipren is expected to receive over $25 million in support in 1987 via new agency Lowe Marschalk, New York. This is the agency's first assignment from a J&J company.

In the Personal Products division, J&J continues to hold the leading position in the external feminine protection category but not without strong competition. Procter & Gamble's Always line, introduced in 1984, is edging very close to No. 2 Kotex (Kimberly-Clark) in this $1.5 billion market causing J&J's Stayfree line to fall 5 points to a 40% share. K-C is holding on to a 23.5% share while P&G climbed to 20%.

The Stayfree line, consisting of Stayfree maxi and Silhouette maxi pads, Sure & Natural maxishields, Carefree panty shields, and Assure & Natural pantyliners, received $21.3 million in measured advertising, down 25% from 1985. However, spending for the Stayfree Silhouette maxi, shaped to fit a woman's body, increased more than two-fold in 1986 to $18 million mostly in network TV and magazine.

With the fear of toxic shock subsiding among women, tampon sales have increased over 1986 helping J&J's Personal Products' 'o.b.' tampons to regain declining shares. With measured ad spending decreasing 42% to $3.2 million, 'o.b.' currently holds a 9% share placing it third in the $4 billion market. The leader in this market is Tambrand's Tampax at a 56.5% share followed by Platex brand with a 30.3% share.

Other activity in this division includes the introduction of Serenity incontinence pads for adults in April of this year. The company hopes to gain shares away from Procter & Gamble's Attends now dominating that market with a 58% share and Kimberly-Clark's Depends holding a 20% share. Serenity was recently assigned to SSC&B, New York.

The Advanced Care Products division of Ortho Pharmaceutical Corp. recalled Ovutime ovulation predictor kits, a product it began marketing last year. The recall resulted when batches of the home test deteriorated. The company spent $1.6 million in measured media on its introduction via Kallir, Philips, Ross, New York. Shipments are not expected to resume in the near future.

Currently, J&J is seeking Food & Drug Administration approval for a new sweetener called sucralose. Sucralose is noncaloric and has a taste that is 600 times sweeter than sugar. This new substance could cause heavy competition for NutraSweet, marketed by the company of the same name, but not for several years because FDA approval could take up to five years.

A new healthcare subsidiary was created at J&J this year that is marketing health maintainence programs to businesses. Health programs include consult-

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ing, evaluation and classes in such areas as exercise, weight control, stress management, nutrition, smoking cessation and blood pressure management. The company suspects the demand for such services is high and being a healthcare company, feels it's an opportunity it can't ignore. Young & Rubicam, New York, is the agency assigned to this new division.

J&J acquired two companies in 1986. Coopervision Pharmaceuticals, bought from Coopervision Inc., for $260 million, produces prescription pharmaceuticals for ophthalmic use. The other acquisition, LifeScan Inc., markets home diagnostic tests.

The company sold to General Electric in August 1986 its diagnostic imaging businesses. The sale of the business, which produced $275 million in sales in 1985, contributed charges of $380 million against net income in 1986 that reduced net income by 46.3%. In geographic terms, the sale produced a one-time charge of $680 million against operating profit in the U.S., resulting in a loss of $13 million in 1986 vs. a gain of $543.5 million in operating profit in 1985.

Johnson & Johnson's VP-advertising, G.F. "Pete" Tyrell, was elected the new chairman of the Association of National Advertisers in October, succeeding Herbert M. Baum of Campbell Soup Co.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,339	113
Magazines	22,471	29,419
Newsp. supp.	44	193
Bus. pubs.	620	528
Network TV	164,322	154,964
Spot TV	7,731	10,618
Network radio	1,376	790
Spot radio	2,634	964
Outdoor	130	217
Network cable	5,292	3,411
Total measured	205,959	201,217
Unmeasured	204,713	200,000
Total	410,672	401,217

JOHNSON & JOHNSON

1 Johnson & Johnson Plaza
New Brunswick, N.J. 08933
(201) 524-0400

Marketing Personnel

G.F. "Pete" Tyrrell, vp-adv, corp staff

JOHNSON & JOHNSON HEALTHCARE

Corporate Personnel

F.G. Ziegler, president

Marketing Personnel

P.M. Lonergan, vp-mktg & sales
A.P. Sullivan, dir-sales
M.S. Fink, dir-mktg & consumer rsch

Advertising Agency

Young & Rubicam, New York—Barbara Isshim, acct super; Jennifer Podger, acct exec.

JOHNSON & JOHNSON ORTHOPAEDIC CO.

Corporate Personnel

A.J. Prince, president

Marketing Personnel

G.K. Kunkle, dir-sales & mktg
L.R. Williams, dir-new business devel

Advertising Agency

Simms & McIvor, Bound Brook, N.J.—Joe Cramp, acct exec.

JOHNSON & JOHNSON PATIENT CARE

Corporate Personnel

T.M. Gorrie, Ph.D., president

Marketing Personnel

J.W. Nelson, dir-prod mgmt
J.J. Bohan, dir-sales

Advertising Agencies

Gross, Townsend, Frank, Hoffman, New York—patient care—Risa Janoff, vp-group acct super.

MED Communications, Woodbridge, N.J.—patient care—Jim Walter, vp-acct super.

JOHNSON & JOHNSON BABY PRODUCTS CO.

Skillman, N.J.

Corporate Personnel

W.C. Egan, president

Marketing Personnel

W.M. Carpenter, dir-prod mgmt
W.J. Pontius, group prod dir
M.A. Kon, group prod dir

Advertising Agencies

Saatchi & Saatchi DFS Compton, New York—Take Off—David Basch, vp; Linda Honan, mgmt super; Emily Miller, acct exec.

SSC&B, New York—Baby Shampoo and Conditioner, No More Tangles, Swabs, Affinity Shampoo and Conditioner—Ian McGregor, exec vp; Cynthia Williams, mgmt super; Nancy Poor, Frances Murchison, acct supers; Ned Russell, Cindy Ewing, Brian Bacino, acct execs.

Young & Rubicam, New York—baby powder, Sundown, baby oil, baby lotion, baby cream, Shower to Shower—Ann Zopfi, group dir; Rich Kahn, mgmt super; Don Rimsky, acct super; Nancy Katz, Mark Davis, acct execs.

McNEIL CONSUMER PRODUCTS CO.

Fort Washington, Pa.

Marketing Personnel

C.D. Simonds, exec vp-genl mgr
J.T. Lenehan, dir-prod mgmt
J.J. Gallagher, natl sales mgr
V.E. Brunell, dir-professional sales
J.L. Strickler, dir-mkt rsch
E.A. Behmer, dir-comm
J.R. McGann, dir-sales promo

Advertising Agencies

Cadwell Davis Partners, New York—Pediacare—Franchellie Cadwell, president; Herman Davis, vp; Eliot Glazer, sr vp-acct svcs.

Kallir, Philips, Ross, New York—professional Tylenol, Pediacare, Delsym—John Racik, exec vp-mgmt dir; Ernestine McCarren, sr vp-mgmt super; Anne Bentley, vp-acct super.

Klemtner Advertising, New York—Professional Medipren—Albert P. Molinaro, president.

Lowe-Marschalk, New York—Medipren—Barry Linsky, exec vp-mgmt dir; Richard Swanson, sr vp-mgmt super; Robert Petersen, vp-acct super; Catta Morris, acct exec.

Mendoza, Dillon & Asociados, Newport Beach, Calif.—Richard E. Dillon, president; Robert Howells, vp-acct svcs.

Saatchi & Saatchi DFS Compton, New York—Adult Tylenol, Children's Tylenol, Co-Tylenol, Sine-Aid, Tylenol Sinus Medication, Delsym—Thomas Lom, exec vp-mgmt dir; Patrick Furey, Vicki Tencati, vp-mgmt supers.

McNEIL PHARMACEUTICAL

Spring House, Pa.

Marketing Personnel

J.A. Kitchen Jr., vp-mktg
J.C. Vaughan, natl sales mgr
C.E. Williams, exec dir-prod mgmt
E.R. Steel, exec dir-corp comm
N.A. Panzenbeck, dir-mktg rsch

Advertising Agencies

Botto, Roessner, Horne & Messinger, New York—Pancrease (brand of pancrelipase), Tylenol (acetaminophen) with codeine, Tylox—R.J. Botto, president.

Kallir, Philips, Ross, New York—Haldol, Parafon Forte—Leo Palmer, exec vp.

Thomas G. Ferguson Associates, Parsippany, N.J.—Tolectin—John Sweig, sr vp.

PERSONAL PRODUCTS

Milltown, N.J.

Marketing Personnel

J.B. Ziegler, president
C.C. Bergmann, dir-prod mgmt
J.D. Curtiss, group prod dir
C.A. Goggins, group prod dir

Advertising Agencies

Cadwell Davis Partners, New York—o.b. Tampons—Andy Schaer, vp-acct super.

SSC&B, New York—Carefree panty shields, Assure & Natural Breathable panty liners, Sure & Natural maxishields—Bill Catlin, sr vp-mgmt super. Serenity guards—Cynthia Williams, mgmt super.

Saatchi & Saatchi DFS Compton, New York—Stayfree silhouettes, maxipads & thin maxipads—David Basch, exec vp-mgmt dir.

Young & Rubicam, New York—Stayfree maxipads, minipads & thins—Anne Zopfi, group dir.

JOHNSON & JOHNSON DENTAL CARE CO.

East Windsor, N.J.

Marketing Personnel

C.H. Fricke, dir-prod mgmt
Dr. S.G. Pasternack, vp, worldwide business devel

Advertising Agency

QUORUM Graphics and Marketing Communications, San Diego—Robert Hines, acct super.

ORTHO PHARMACEUTICAL CORP.

Raritan, N.J.

Corporate Personnel

M.D. Casey, vp

Advertising Agency

Kallir, Philips, Ross, New York—Leo Palmer, vp-acct super.

ADVANCED CARE PRODUCTS DIVISION

Marketing Personnel

D.B. Bellaire, vp-mktg
J.L. Abramson, dir-mktg info & strategic planning

Advertising Agencies

Barnum Communications, New York—R. Bond, sr vp-mktg.

McCann-Erickson, New York—Fact Home Pregnancy Test—H.L. O'Brien, sr vp-mgmt rep.

DERMATOLOGICAL DIVISION

Marketing Personnel

L.G. Pickering, vp-derm

Advertising Agency

Kallir, Philips, Ross, New York—Leo Palmer, vp-acct super.

ORTHO DIAGNOSTIC SYSTEMS

Raritan, N.J.

Marketing Personnel

J. Neil Kazan, vp-mktg

CHICOPEE

New Brunswick, N.J.

Marketing Personnel

R.L. Bramson, vp-mktg, specialty prods div
R.I. Munoz, vp-mktg, affiliate div
J.R. Rinaldi, vp-mktg, private label div

Advertising Agencies

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SSC&B, New York—Bill Catlin, mgmt super, Christie James, acct super

ST&L Associates, New Brunswick, N.J.—Howard Rich, acct exec

CODMAN & SHURTLEFF
Randolph, Mass.
Marketing Personnel

R.H. Dick, vp-mktg

Advertising Agency

Grover & Carroll, Boston—C. Stuart Grover, acct exec

ETHICON INC.
Somerville, N.J.
Marketing Personnel

L.J. Armour, vp-sales
R.N. Jones, vp-mktg svcs
F.J. Ryan, vp-mktg, sutures

Advertising Agency

Kallir, Philips, Ross, New York—Norman Cooper, president, Leo Palmer, acct super

SURGIKOS INC.
Arlington, Texas
Marketing Personnel

J.D. Terry, vp-sales
R.C. Nell, dir-prod mgmt

Advertising Agency

Pierce Davis, Arlington, Texas—Bill Pierce, mgmt super, Karen Speri, acct exec

S.C. Johnson & Son

RANK **59**

Racine, Wis.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,000	2,040	(2.0)
U.S. advertising	145	146	(1.1)

S.C. Johnson & Son's initial success in the lucrative haircare and skincare categories has given this 101-year-old privately held company confidence to expand into the growing personal care markets, rather than in the already-mature homecare and insecticide categories.

Johnson, whose sales have remained static since 1984 fiscal returns, acquired the Check Up plaque-fighting toothpaste and chewing gum line from Chaska, Minn.-based Minnetonka Corp., in February 1987. Johnson's Rydelle Laboratories unit, which already markets Zact smokers toothpaste in the U.S., will be responsible for marketing Check Up.

While the company remains anchored by the strength of its furniture polishes, floor waxes and Raid, the leader in the insecticide category, measured media spending was $80.5 million, down 1.4% from its spending levels record in calendar 1985.

In 1986, Johnson put a significant portion of its measured media spending, an estimated $32.7 million, into its personal care and over-the-counter drug businesses. Raid, long Johnson's major ad expenditure, was second with $13 million in measured media support.

In Johnson's personal care division, L'Envie Parfum shampoo and conditioner, launched in the spring of 1986, received the largest single share of measured media spending, $9.1 million. L'Envie, a 12-item premium-priced line of products, contains fragrances similar to the most popular fragrances, such as Cosmair's Vanderbilt and Estee Lauder's White Linen. In late 1986, it added Capture, a fragrance similar to Calvin Klein's successful Obsession perfume. The brand's strategy is to "continually renew the fragrance types by introducing new variants based on new and popular fragrances," says a company spokeswoman. By the end of 1986, its first full-year of distribution, L'Envie had gained a 1.2% share of the $1.29 billion shampoo segment and 2.8% of the $540 million conditioner segment.

Taking into account its Agree and Halsa haircare lines, Johnson is estimated to be the third-ranked haircare company with a total 7.1% share in shampoos and a 10.1% conditioner share, says Diana Temple, cosmetics and toiletries industry analyst with Salomon Bros., New York. P&G remains the category leader with a 26.7% shampoo share and a 16.4% conditioner share.

Halsa, which received $5.1 million in measured media spending, down 49% from the previous year, also dropped a share point in the shampoo segment, dropping to 2.4%, say analysts. The brand held a steady 3.9% conditioner market share. According to the company, Halsa shampoo holds the same 3.9% share as the conditioner. In March 1987, the company extended the Halsa line with the introduction of Halsa Swedish Botanical Formula hairspray and styling mousse. They mark Johnson's entry into the growing $780 million hairspray and mousse segments.

Agree, Johnson's teen-age and young-adult positioned haircare line, received $3.2 million in measured media support, a 15.8% drop from 1985. Agree, with a combined 4.2% market share (5.8% in 1985), tried stimulating brand awareness by becoming the first shampoo and conditioner brand to sponsor a rock band's national tour. Agree also held a sweepstakes where the winner won a concert by the band "a-ha" at their school. In January 1987 Belinda Carlisle, a rock singer, was signed as Agree's spokeswoman.

Agree is teaming with Johnson's Edge shaving gel, the leading gel with a 25.3% share of the $217 million shaving preparation category, to sponsor the tour of the band "Night Ranger" later this year.

Johnson, with its Curel and Soft Sense brands, has become a serious player in the $550 million hand and body lotion category. Curel, a therapeutic skin lotion for dry skin, enjoyed an estimated 30% sales gain in 1986, while market share increased nearly one point to 7.2%. Supported by an estimated $10 million ad campaign, Curel helped fuel competition. The brand received $2.4 million in measured media support in 1986.

Soft Sense, the company's cosmetic entry, has an estimated 7.2% share (6.4% in 1985). The brand received measured media spending of $3 million, up 87.5% from the previous year. In April 1987, Johnson introduced Soft Sense Body Mousse with Vitamin E, a light, creamy, alcohol-free foam. An introductory print, TV and couponing program is handled by J. Walter Thompson USA, Chicago.

The company boosted its 24-plus brands of Raid insecticides with $13 million in measured spending, a 1.6% increase. Although the Raid brand has come under increasing competitive pressure from new product introductions by American Home Products' Boyle-Midway division (Black Flag) and American Cyanamid Co.'s Shulton unit (Combat), analysts say Johnson has held the lead with a 45% share of the $345 million (manufacturers dollars) category.

In spring 1987 Johnson staged an estimated $10 million introduction of Raid Roach Controller, the company's long-expected response to Cyanamid's Combat, which Johnson acknowledged was hurting its leading position. Raid Roach Controller, an insecticide bait aimed at serving consumers who prefer "passive insect control," was supported with a TV, magazine and couponing campaign via Foote, Cone & Belding, Chicago.

Although measured media support for OFF! personal insect repellent dropped 17.8% to $2.3 million, the brand continues to lead the estimated $60 million category. Cutter insect repellent, from a division of A.G. Bayer's Miles Laboratories, Elkhart, Ind., is the No. 2 brand.

Rydelle Laboratories supported its Zact smokers toothpaste with $3.9 million in measured media, primarily for network TV, a 14.7% increase from 1985. Now with two brand lines, Rydelle still faces an uphill battle against the Big 3 toothpaste marketers—Procter & Gamble Co., Colgate-Palmolive Co. and Lever Bros. Check Up had a declining 2% share of this $1 billion category when purchased.

Last November Rydelle introduced Aveeno lotion and Aveeno shower and bath oil, extensions to the Aveeno bath products line. Aveeno received $3 million in measured media.

Rydelle introduced Fiberall lemon-flavored tablets, another extension of the Fiberall laxative wafer and sugar-free, high-fiber powder line. Fiberall has a 7% share of the bulk laxative segment of the $450 million (manufacturers' level) category, according to Oleh Denysyk, senior analyst with Kline & Co., Fairfield, N.J. P&G's Metamucil is the leading laxative. Fiberall received $3.9 million in measured media, down 29%.

Johnson's Pledge furniture polish led the homecare division in measured media with $7.2 million, up 12%. It commands an estimated 46% share, leading the $150 million (manufacturers' level) furniture wax and polish category. Johnson's wax-free dusting aid and cleaner, Duster Plus, is believed to hold less than a 5% share of the $31.5 million dusting aid segment, compared with 80% for segment-leading Drackett Co.'s Endust. The wax-free segment is growing steadily, posting an 18% gain in 1986. Duster Plus spent $2 million in measured media, a 63% drop from 1985.

Johnson introduced two new Glade products during 1987. Glade Litterfresh, a powdered cat box deodorizer which is sprinkled onto cat litter, and Glade II, a continuous-acting air freshener. Glade received $3.9 million in measured media, up 18.8%. Glade Litterfresh, introduced mid-year, received $300,000 in measured media. The Glade franchise holds an estimated 18% share of the $276 million (manufacturers' level) air freshening category. In the $108 million (manufacturers' level) aerosol segment, Glade claims a 46% share, according to Betsy Donovan, Kline & Co. household products analyst.

Shout prewash laundry soil and stain remover, which has a 34% share of the $156 million (manufacturers' level) category, received $4.1 million in measured media spending, up 28%. It is second to Dow Chemical's Texize division's Spray 'n Wash. In early 1987, a refillable 12-ounce bottle with attached scrubber cap was introduced for the brand.

Johnson's two main floorcare products, Future liquid floor finish and Brite liquid floor finish received $7.9 million in measured media, up 43.6%. In the $160 million floor polishes and waxes category, Johnson continues holding a 51% share, with Future accounting for a 26% share.

In May 1986 Curel got its first agency of record, Lotas, Minard, Patton, McIver, New York, which also is working on new concepts for haircare products.

In November, Johnson consolidated its estimated $10 million magazine and Sunday newspaper magazine section media buying at Botway Media Services, New York. Losing some of the business were Foote, Cone & Belding, Chicago; Laurence, Charles, Free & Lawson, New York; Lotas Minard Patton McIver, New York, and J. Walter Thompson USA, Chicago. FCB remains the agency of record for all other network TV buying; JWT stays agency of record for newspaper free-standing inserts and daytime network TV.

In January 1987, Johnson moved its estimated $10 million Glade air freshener and Pledge furniture polish accounts to HDM/Dawson, Johns & Black from JWT, Chicago.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	522	667
Magazines	13,438	18,558
Newsp. supp.	617	1,666
Bus. pubs.	208	0
Network TV	54,200	44,979
Spot TV	6,194	8,114
Network radio	2,474	4,191
Spot radio	1,451	2,313
Network cable	1,366	847
Total measured	80,469	81,335
Unmeasured	64,148	64,838
Total	144,617	146,173

S.C. JOHNSON & SON
U.S. CONSUMER PRODUCTS
1525 Howe St.
Racine, Wis. 53403
(414) 631-2000
Corporate Personnel

G.W. Delp, exec vp

Marketing Personnel

D.C. Henry, vp-sales
H.A. Suess, vp, home care
B.M. Pritchard, vp, insect control
C.J. Goldthwaite Jr., vp, personalcare
G.C. Montezemolo, vp, OTC Drug Enterprise, Rydelle Laboratories
A.B. Priemer, media consultant
P.J. Grieger, pr mgr
R.L. Ziegenhagen, category mgr
W.C. Thomson, category mgr
J.D. Harper, category mgr
S.E. Johnson, category mgr
C.L. Colman, category mgr
M.E. Leopold, category mgr

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Minneapolis—Check Up toothpaste and gum—Ron Harvieux, sr vp-mgmt super

Cramer-Krasselt, Milwaukee—sports medicine—Calla Stanford, acct exec

Foote, Cone & Belding, Chicago—Raid, Off!, Future, Brite, Shout, Duster Plus, Glade Litterfresh—P. Vernon, sr vp-group acct dir

Grant Jacoby, Chicago—Aveeno cleansing bars bath and lotion, Rhuli spray, cream and gel—Josh Harris, acct super; Fiberall laxative—Cyndy Dillon, acct super

HDM Dawson, Johns & Black, Chicago—Pledge, Glade aerosol, Glade II—Ian Brookbanks, vp-acct dir

Laurence, Charles, Free & Lawson, New York—Zact—Dare Koslow, acct exec

Lotas Minard Patton McIver, New York—Curel—Sally Minard, acct mgmt

J. Walter Thompson USA, Chicago—Soft Sense, L'Envie, Edge, Halsa, Agree—Melissa Murphy, sr vp-group acct dir

K mart Corp.

RANK **9**

Troy, Mich.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	23,812	22,035	8.1
Net income	582	221	163.3
U.S. advertising	590	567	4.1
Division sales	**1986**	**1985**	**% chg**
General merch.	21,308	20,114	5.9
Specialty retail	2,504	2,306	8.6

K mart Corp.'s strategy for 1986 called for concentration of growth in its profitable core businesses, which include the company's 2,200-plus K mart stores and its specialty retail group. Last year K mart accelerated the growth of its three major specialty businesses, opening a total of 195 new Waldenbooks, Pay Less Drug Stores and Builders Square outlets.

Under the leadership of Bernard Fauber, chairman of the No. 2 retailer in the U.S., and Joseph Antonini, who was named K mart president-chief operating officer in August 1986, K mart closed or sold off businesses that returned inadequate profits in 1986 and early 1987.

Last year K mart adopted a five-year plan calling for it to surpass No. 1 retailer Sears, Roebuck & Co., Chicago, in sales and market share by 1991. Corporate growth focuses on extensive upgrading of its stores, the addition of 150 new K mart stores in the U.S. and more than 800 specialty retail stores in the U.S. and Canada.

Sears' 1986 sales of $26 billion were only 7% above K mart's sales, and Mr. Fauber projected K mart sales of $26 billion this year. The company posted record earnings and sales in the first and second quarters of 1987 because of more effective merchandising and advertising programs, Mr. Fauber says. In the first quarter, K mart reported earnings of $115.5 million on sales of $5.59 billion, and, in the second quarter, earnings of $145.4 million on sales of $6.3 billion.

K mart's battle to overtake Sears is being led by its continuing $2 billion effort to upgrade its image by refurbishing stores and adding brand-name merchandise, plus a massive $1 billion retail automation system designed to improve customer service and satisfaction.

A main objective of the new system is to centrally merchandise all K mart stores to better detect trends and purchasing behavior in stores. The bulk of the money is being spent on replacing or updating all existing point-of-sale equipment in each store. As of mid-year, 499 K mart stores had slot scanner checkout systems that use the universal product code (UPC) to track inventory.

The system eventually will link all stores with a satellite communications network that can expedite credit authorization and transmit data and video signals from its corporate headquarters to all K mart stores.

In July 1986, K mart broke a new mainstream ad theme, "America's favorite store," on ABC's Fourth of July weekend rededication telecast for the Statue of Liberty. Backed by a $10 million campaign, the claim was based on a survey by Simmons Market Research Bureau that said more Americans shop at K mart each month than at any other store.

Mr. Antonini, prior to becoming president-chief operating officer, was executive VP-ceo of K mart's apparel division. He was credited with being largely responsible for implementing the changes to K mart's fashion presentation and signing actress Jaclyn Smith as ad spokeswoman for several lines of clothing bearing her name. Analysts viewed Mr. Antonini in his new role as a catalyst in the retailer's effort to upgrade its stores.

Following up on the success of the upgraded women's apparel lines, K mart introduced Campus Sportswear to more than half its K mart stores. The line of men's wear is aimed at upscale yet value-conscious consumers. TV and newspaper supplement ads broke in October as part of the company's "K mart. Yes, K mart" campaign started earlier in the year. That campaign emphasizes K mart's upgraded fashion apparel, cosmetics and accessories.

Shortly after bringing Campus Sportswear to K mart, the company launched a new Jaclyn Smith holiday line. The Smith clothing collections, which were first introduced in the summer of 1985, have led to a 6%-7% increase in sales of high-profit apparel. The apparel division now accounts for almost one-third of K mart sales.

Calet, Hirsch & Spector, a New York subsidiary of K mart agency Ross Roy Inc., Detroit, developed advertising for the Jaclyn Smith holiday line after taking over creative for most K mart apparel advertising earlier in the year. Advertising of Smith clothing under CH&S de-emphasized Ms. Smith's roles as a model and actress and focused on her less glamorous roles as a wife and mother so that K mart shoppers could better identify with her.

In November, K mart closed down its unprofitable 79-unit Designer Depot operation, established in 1982. At the same time it sold its 168-unit Furr's Cafeterias and Bishop Buffets to Cavalcade Holdings, Lubbock, Texas, for $237.5 million, because the cafeteria operations weren't profitable enough.

This year K mart sold 75 Kresge and Jupiter variety stores in 21 states for an undisclosed sum to McCrory Corp., York, Pa. The sale indicated that K mart wouldn't sacrifice profitability to overtake Sears. The April 3 sale announcement came two weeks after F.W. Woolworth Co., New York, broke off negotiations to acquire several Kresge stores in the U.S.

K mart restructured its six merchandising divisions in late 1986 to provide a stronger marketing focus to hard-goods operations. The restructuring included renovating K mart stores and reallocating space to increase productivity. The new divisions are consumables, convenience products, do-it-yourself, automotive and sporting goods, home fashions and leisure and entertainment.

The company also began an aggressive expansion of its in-store consumer financial services in January 1987. Banking outlets now are carried in 44 California K mart stores. Tests in Chicago-area stores will grow to include 23 stores in 1987.

K mart introduced an exclusive line of Jordache clothing for bigger women in March 1987, representing the first joint venture between the New York-based apparel designer and K mart. A print campaign via CH&S touting the line ran in women's magazines.

K mart broke two corporate image TV spots celebrating its 25th anniversary year in March. Also this spring, K mart announced its sponsorship of ABC-TV and NBC-TV's respective telecasts of the 1988 Winter Olympics in Calgary, Alberta, and the 1988 Summer Olympics in Seoul, South Korea. At the end of August, the retailer was still negotiating with the Official Olympic Committee to sponsor Olympic teams.

In August 1987, K mart signed on Martha Stewart, syndicated columnist, author and nationally recognized expert on food and entertaining, as home entertaining and lifestyle spokesperson and consultant for K mart's home fashion division. The signing on of Ms. Stewart, who will develop and advise on new products for sale in K mart's Kitchen Korner, Bed and Bath and Furniture departments, is viewed as another K mart effort to upgrade its image with higher quality merchandise.

Ms. Stewart also will write Kitchen Kornerstones, brochures to be distributed in all K mart stores beginning in mid-October, that give tips on cooking, table decor, using kitchen products and home entertaining. She will appear in November-breaking TV commercials, plus print ads in early November issues of *People*, *Vogue* and *Family Circle*. CH&S handles.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	20,462	10,724
Newsp. supp.	1,103	0
Bus. pubs.	0	23
Network TV	26,333	16,222
Spot TV	24,211	23,257
Network radio	6,526	4,435
Spot radio	3,602	6,393

($ in thousands)	1986	1985
Outdoor	138	369
Network cable	648	513
Total measured	83,022	61,935
Unmeasured	507,328	505,065
Total	590,350	567,000

K MART CORP.
3100 W. Big Beaver Road
Troy, Mich. 48084
(313) 643-1000
Marketing Personnel

T.H. Nigolian, sr vp-merch
G.K. Habeck, dir-adv
N.L. Roberts, dir-sales promo support
R. Mulligan, dir-mktg support
E.J. Kreitz, dir-incentive sales mktg

Advertising Agencies

Calet, Hirsch & Spector, New York—Peter Hirsch, co-chmn-exec creative dir.

Ross Roy Inc., Detroit—print adv, broadcast media for K mart U.S.A., K mart Ltd., Canada—Peter Vetowich, exec vp-retail dir; Byron Shaffer, Roger Sherman, sr vps-mgmt supers; Larry Haddock, vp-mgmt super.

BUILDERS SQUARE
San Antonio, Texas
Marketing Personnel

G. Cuthbertson, dir-adv

Advertising Agency

(In-house)—G. Cuthbertson, dir-adv.

PAY LESS DRUG STORES
NORTHWEST
Wilsonville, Ore.
Marketing Personnel

D. Massing, vp-adv

Advertising Agency

(In-house)—D. Massing, vp-adv.

WALDEN BOOKS CO.
Stamford, Conn.
Marketing Personnel

Bonnie Predd, vp-mktg & adv

Advertising Agency

Ally Gargano/MCA Advertising, Westport, Conn.—Margie French, acct exec.

RANK
23

Kellogg Co.

Battle Creek, Mich.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,341	2,930	14.0
Net income	319	281	13.5
U.S.	**1986**	**1985**	**% chg**
Sales	2,269	2,075	9.3
Operating profits	248	223	11.2
Advertising	374	364	2.7

Kellogg Co. the nation's No. 1 marketer of ready-to-eat cereals, dropped from 42.6% to 42% in sales share of the $5.2 billion market and slammed the brakes on ad spending increases. In pound volume, Kellogg increased its market share to 42.6% from 41.6% in 1985.

Analysts say Battle Creek, Mich.-based Kellogg reaps nearly 91% of its sales from the cereal market, a category that grew 9.4% in the last year, according to Tim Ramey, a food industry analyst with Kidder Peabody, New York. Measured ad spending crept up just 2.7% to $220.1 million in 1986.

June Page, food industry analyst for E.F. Hutton & Co., New York, pinned Kellogg's small ad spending increase on advertising blitzes for new General Mills and Quaker Oats cereals in 1986, particularly Quaker's Cap'n Crunch and Life cereals.

"Kellogg doesn't like to get involved in heavy promotions . . . Kellogg has a firm conviction that they don't want a short-term market share," says Ms. Page. Instead, Kellogg raises ad spending under less competitive market conditions, she says.

During 1986, No. 2 cereal marketer General Mills, Minneapolis, increased its sales share by 0.4 points to 24.1%. Mr. Ramey forecast "fantastic" years in 1987 for Kellogg and General Mills and reduced market shares for smaller cereal marketers, including Quaker.

To achieve greater coordination of its marketing, production and distribution investments in the U.S. and Canada, Kellogg in 1986 merged two operations—U.S. Food Products division and Kellogg Salada Canada—into Kellogg North America, with Horst W. Schroeder as president. The Canadian operation had been handled by Kellogg International. Christopher McNaughton, U.S. food products president and Kellogg senior VP, resigned after the reorganization eliminated his position. Arnold G. Langbo was named president of Kellogg International division, and Gary E. Costley was picked as president of the U.S. Subsidiaries division. Messrs. Schroeder, Langbo and Costley also serve as Kellogg exec VPs.

Early this year, Gerald D. Robinson retired as Kellogg Co. president-chief operating officer, and Vice Chairman Paul J. Kehoe retired. Mr. Robinson's position was not filled, concentrating power at the top with Robert L. Nichols, vice chairman, and Chairman-CEO William LaMothe.

Kellogg added three new cereals in 1986—Apple Cinnamon Squares, All-Bran Fruit & Almonds and Nutri-Grain Almond Raisin—and already has introduced four through August 1987. New this year are Nutrific, Nutri-Grain Nuggets, Strawberry Squares and Pro Grain.

Five of the seven cereals introduced since January 1986 are targeted at adults 35 and over, and Kellogg hasn't scrimped on their introductions. Combined, the five-variety Nutri-Grain line, Nutrific and Pro Grain rollouts total $69 million—more than one-third of Kellogg's measured cereal spending in 1986.

The company also discontinued 3CPO and Kellogg's OJ's, a dry cereal partly sweetened with orange juice, a product launched in March 1985.

Four of the nation's top 10 cereals are marketed by Kellogg. Kellogg's Corn Flakes remained the nation's No. 1 cereal in pound volume, with a 6.6% market share. Frosted Flakes is second with a 6% share, with Raisin Bran and Rice Krispies ranking fourth and sixth with respective volume shares of 4.5% and 3.6%, according to Furman Selz Mager Dietz & Birney, New York. Volume share for flagship Corn Flakes eased slightly from 1985's 6.7%; Frosted Flakes remained at 6%, and Raisin Bran and Rice Krispies fell 0.2 points from 1985 market shares.

Measured ad spending for Kellogg's four top-rated cereals increased by 8% to $66 million.

Nearly 99.1% of measured Kellogg ad spending in 1986 was for network, spot or network cable TV. But of the three, only network TV increased, up 6.2% from 1985. Spot TV spending dropped 4.4%, and cable fell 35%.

Measured ad support for Kellogg's 15-flavor line of Whitney's 100% Natural Yogurt increased 5.1% to $4.2 million in 1986, although Kellogg pulled Whitney's from the "saturated" California market to concentrate on eastern markets, where it fares better. Whitney's reportedly holds a 4% dollar share of the $955 million refrigerated yogurt market.

Kellogg continued its drive into the shrinking $313 million granola bar market with butterscotch, chocolate chip and peanut chocolate chip Rice Krispies Bars—additions to original Rice Krispies Bars introduced in 1985.

Three new products hit the shelves from Kellogg's Mrs. Smith's Frozen Foods Co. subsidiary. Eggo Nutri-Grain Raisin and Bran frozen waffles were introduced in 1986. This year, a pecan variety of Mrs. Smith's "Pie in Minutes" No. 1 line of frozen pies was introduced, as were microwave Eggo pancakes. Mrs. Smith's holds a 50%-plus share of the frozen pie market.

Salada Foods in 1986 introduced Salada Sweetened Tea, the first teabag to contain sweetener. Salada also rolled national with its Hansen Island Creamy Microwave Fudge with print ads via Leo Burnett USA, Chicago.

Foreign sales rose from 29.2% to 32.1% of Kellogg's total sales in 1986, with the share of non-U.S. Kellogg profits rising from 20.8% to 22.4%. Europe provided most of the international punch, with 1986 sales climbing 35% over 1985. European profits shot up 37%.

As sales and distribution swell, Kellogg has increasingly invested in plant expansion and modernization. The 1986 capital budget of $329 million was 33.7% greater than 1985. Estimated 1987 capital spending is $395 million—a 20% increase over 1986. Among major Kellogg projects is a $500 million upgrading of its Battle Creek plant to house "state-of-the-art" processing and packaging equipment and expansion space. General Mills also is evaluating plant sites to expand its cereal production capacity.

Know your Knorr

Knorr brand of dehydrated soups and bouillons, responsible for a quarter of CPC International's grocery product sales, now include 570 varieties of soup, and 100 kinds of bouillons to match local taste preferences—the result of adding three new soups a year in each country. On the local level that means Knorr sweetcorn soup in London, miso soup in Tokyo, and Knorr Ikan Bilis bouillon, an anchovy soup base, in Kuala Lumpur, and Knorr seven spice cube in Casablanca.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	193	460
Magazines	1,058	300
Bus. pubs.	670	641
Network TV	166,261	156,431
Spot TV	48,804	51,050
Spot radio	8	678
Outdoor	22	15
Network cable	3,072	4,725
Total measured	220,089	214,299
Unmeasured	154,053	150,000
Total	374,142	364,299

KELLOGG CO.
One Kellogg Square
P.O. Box 3599
Battle Creek, Mich. 49016-3599
(616) 961-2000
Marketing Personnel

M.D. Simpson, exec vp-sales & mktg
W.H. Weintraub, sr vp-mktg
S.W. Richards, vp-natl sales mgr
K.C. Smith, dir-mktg svcs

Advertising Agencies

Leo Burnett USA, Chicago—cereals, toaster pastries—William Lynch, vice-chmn; James Jenness, sr vp; Bill Whitman, vp-acct dir; Gary Singer, Tim O'Day, Al Roehl, acct supers; Edward Frechette, Kim Perutz, Patty Bloomfield, Jeff Thompson, Glenn Adilman, Ellie Callison, Elizabeth Ellrodt, acct execs.

Vince Cullers Advertising, Chicago—Black mktg—Vince Cullers, president.

J. Walter Thompson USA, Chicago—bran cereals—Jack Tukey, sr vp-group acct dir; Paula Cahn, sr vp-acct dir; Karen Kolodzey, Susan Frankel, Peter Seymour, Pat Muldoon, acct supers; Susan Della Maddalena, Erin Clark, Mitch Riber, Mark Mitten, acct execs.

U.S. SUBSIDIARIES
Corporate Personnel

G.E. Costley, president, exec vp-Kellogg Co.

MRS. SMITH'S
FROZEN FOODS CO.
Pottstown, Pa.
Marketing Personnel

J.J. Feeney, president-ceo
J.S. MacDonald, eastern zone mgr
J.T. Kroll, western zone mgr

SALADA FOODS
Little Falls, N.Y.
Marketing Personnel

E.M. O'Leary, exec vp-genl mgr
R.A. Coco, vp-sales

WHITNEY'S FOODS
Battle Creek, Mich.
Corporate Personnel

M.L. Wolfe, president

FEARN
INTERNATIONAL
Franklin Park, Ill.
Marketing Personnel

D.E. Thompson, president
E.K. Jorgensen, sr vp-sales & mktg

Advertising Agency

West, Morris, Davis & Muender—Rockford, Ill.—Percy J. Muender, vp.

RANK
19

Kraft Inc.

Northbrook, Ill.

($ in millions)

Worldwide	1986	1985	% chg
Sales	8,742	7,920	10.4
Net income	390	408	(4.4)
U.S.	**1986**	**1985**	**% chg**
Sales	6,278	5,819	7.9
Operating profits	645	624	3.4
Advertising	438	480	(8.7)
Division sales	**1986**	**1985**	**% chg**
Retail food	3,365	3,290	2.3
Dairy groop	651	621	4.8
Food service	1,314	890	47.7
Industrial foods	442	531	(16.9)
Int'l foods group	2,008	1,733	15.9

A year after the Dart divorce, Kraft is playing the acquisition field with a vengeance, showing up repeatedly as the successful suitor.

Since January 1986, Kraft Inc. has made 24 acquisitions, 18 of those in foodservice. The two biggest recent buys, Anderson, Clayton Foods, maker of Chiffon margarine and Seven Seas salad dressings, and All American Gourmet, which markets Budget Gourmet frozen entries, carried a combined price tag of $531 million. That brought Kraft's buying spree to a whopping $700 million in the first six months of 1987.

Kraft has backed up its buying with a renewed emphasis on its branded food products. When Dart & Kraft broke up late last year, the food unit and Duracell batteries stayed under the Kraft banner. The remaining holdings—Tupperware, Hobart, West Bend and Wilsonart laminate—were spun off to form Premark International, a publicly held corporation based in Northbrook, Ill. and headed by Warren Batts, former president-ceo of Dart & Kraft. Premark took with it $15.3 million in measured media spending, about 80% of that for Tupperware and the rest for West Bend.

Kraft also shuffled its agencies, reassigning $125 million in advertising accounts. The big winners in the switch were Leo Burnett Co., Chicago, which grabbed $43 million from J. Walter Thompson USA and another $7 million from DDB Needham Worldwide, and Foote, Cone & Belding, which doubled its Kraft billings to $70 million.

The biggest loser was JWT, which saw its Kraft billings drop almost $100 million. JWT, which retains $75 million in Kraft work, had been closely associated with Kraft for more than 60 years and had originated the advertising line, "America spells cheese K-R-A-F-T."

With the reassignment, however, Kraft cut way back on corporate spending and chose instead to seek "major client" status at each of its new agencies. Kraft execs say they moved away from JWT because they believed the agency worked on too many brands to give each individual product the attention it deserved. JWT kept Kraft Singles, Philadelphia Cream Cheese and Cheese Whiz, plus the $13 million foodservice account. Kraft's announced goal is to become the biggest foodservice distributor in the U.S.

The changes in agencies were accompanied by a new compensation formula. Kraft switched from a fee-only basis to a combination of fees and media commissions. The fees are used to compensate agencies working on new product introductions, while the commissions are used to give agencies an extra incentive to boost the product's share.

Kraft's advertising drew fire over the summer from the Federal Trade Commission, which charged the company with misrepresenting the calcium content of its Singles cheese line when ads implied that a Singles slice contained as much calcium as five ounces of milk, which it does not. The issue is awaiting a formal hearing.

Polar B'ar ice cream squares, pulled off the market in July of last year when potentially harmful bacteria were found in a product sampling, is being re-introduced in test markets in the East. A spokesman says Polar B'ars is keeping the old name but will be treated as a new line.

One of the company's flagship lines, its Pourable Dressings, got a packaging lift when Kraft began testing squeezable plastic containers. Anderson, Clayton's Seven Seas salad dressing joins a raft of Kraft products that dominate the industry category. Kraft spent $24.8 million in 1986 on Celestial Seasoning, Light Mayonnaise, Miracle Whip, Presto and Kraft Salad Dressing, which is 38% of total spending in the category as measured by BAR/LNA.

Beginning a national rollout is Source, a calcium-enriched spread containing 15% of the recommended daily allowance of the mineral per tablespoon.

Duracell, the one non-food chunk of Dart left with Kraft after the breakup, got a substantial increase in advertising dollars to defend its 45% share of the $2.5 billion battery market. Duracell lost a couple of points of market share during the fray from Ralston Purina's acquisition, Eveready Battery Co., and from Eastman Kodak's introduction of the new Supralife brand. Kraft backed the Duracell line with about $30 million, up 30%, notes BAR/LNA.

Breyer's brand yogurt doubled its market share in 1986, Kraft claimed, thanks to an aggressive relaunching of the product. The amount of fruit in the product was increased; the package was redesigned, and a major sales promotion and advertising campaign was used to underline the change. Spending on the yogurt

Top 25 outdoor advertisers

Rank	Advertiser	Outdoor ad expenditures 1986	1985	% change	as % of co.'s 1986 ad total
1	RJR Nabisco	$82,820	$94,701	(12.5)	8.9
2	Philip Morris Cos.	61,283	65,479	(6.4)	4.5
3	Loews Corp.	25,000	25,171	(0.7)	17.1
4	B.A.T Industries	20,146	22,548	(10.6)	20.1
5	Seagram Co. Ltd.	10,140	15,370	(34.0)	10.7
6	American Brands	8,513	7,709	10.4	5.4
7	Anheuser-Busch Cos.	6,664	5,105	30.5	1.0
8	National Distillers & Chemical Corp.	5,834	5,211	11.9	15.1
9	McDonald's Corp.	5,544	6,914	(19.8)	0.9
10	Olympia & York Developments	5,000	7,073	(29.3)	15.4
11	Brown-Forman Corp.	4,938	5,162	(4.3)	5.0
12	Holiday Corp.	4,555	3,904	16.7	11.0
13	Republic of Mexico	4,324	N/A	N/A	30.9
14	Seven Up	3,513	1,665	111.0	5.9
15	PepsiCo Inc.	3,213	4,107	(21.8)	0.6
16	Coca-Cola Co.	3,166	3,852	(17.8)	0.9
17	Southland Corp.	2,986	N/A	N/A	5.0
18	General Motors Corp.	2,731	3,633	(24.8)	0.3
19	Texas Air Corp.	2,557	4,094	(37.5)	1.9
20	Guinness PLC	2,507	N/A	N/A	N/A
21	Kroger Co.	2,341	737	217.5	2.2
22	Rapid-American Corp.	2,156	4,528	(52.4)	4.1
23	Ford Motor Co.	2,134	3,222	(33.8)	0.3
24	Toyota Motor Corp.	2,014	2,173	(7.3)	1.0
25	Cigna Corp.	1,999	N/A	N/A	N/A

Source: Institute of Outdoor Advertisers and Outdoor Advertising Assn. of America as reported by Leading National Advertisers

Note: Dollars are in thousands

increased 187% to $2.7 million, according to BAR/LNA.

The Breyers brand was expanded in August with the introduction of Breyer's jellies and jams. The products, billed as all-natural, retain the trademark black labels of the ice cream.

The ice cream received $6.4 million in measured advertising, about the same as in 1985.

Kraft pulled back on its plans to enter the produce section when it ended its test of Vegisnax, pre-cut carrots and celery developed to be crunchier than other snack vegetables.

The line was put on the market early in 1986 and was withdrawn during the summer.

The Velveeta line (cheese, slices, shells & cheese dinners) also got a boost with the introduction of Mexican Velveeta and a packaged dinner, Velveeta Shells and Cheese. Velveeta spending dropped 26% to $20.9 million.

Kraft dominated spending among cheese marketers. According to BAR/LNA, it spent $65.6 million on cheese, which accounts for a 59.4% share of the $110.5 million spent on cheese by advertisers in seven media.

Kraft quickly traded on the Tombstone brand name with the introduction of the Tombstone Double-Top pizza. Tombstone was backed with $3.7 million in measured spending.

Also in the freezer case were the new Frusen Gladje sorbets, introduced in September 1986, and Marble Classics, a premium line of swirl-style ice cream. The entire Frusen Gladje line received $5.3 million in measured spending, up 28% from a year previous.

The Philadelphia Brand Cream Cheese family got two new members with the introduction of Light Philadelphia Brand Cream Cheese and Philadelphia Brand cheesecake mix.

Kraft spent $13.8 million on the Philadelphia brand line in 1986, about the same as in 1985.

Kraft brought out two new packaged dinner lines, Makin' Cajun and Applause dinners. Makin' Cajun, which began testing in October 1986, includes three dinner kits to which consumers add the meat or shellfish. Applause dinners are formulated for use with chicken and come in four flavors.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,017	6,433
Magazines	33,823	31,989
Newsp supp	2,083	2,245
Bus pubs	774	51
Network TV	88,446	101,686
Spot TV	61,803	67,735
Network radio	2,637	652
Spot radio	7,162	7,425
Outdoor	73	21
Network cable	1,775	1,489
Total measured	200,592	219,726
Unmeasured	237,360	260,000
Total	437,952	479,726

KRAFT, INC.
1 Kraft Court
Glenview, Ill. 60025
(312) 998-2000

Marketing Personnel

Joel Weiner, sr vp-mktg svcs

Advertising Agencies

Leo Burnett USA, Chicago—agency of record, syndicated television—Brian Williams, acct dir.

Foote, Cone & Belding, Chicago—TV specials—Jim Cerasani, sr vp-group acct dir; Vicki Sanders, vp-acct dir.

Hispania Advertising (JWT USA subsidiary), New York—Hispanic & multi-prod adv—Caroline Demy, sr vp-genl mgr; Marta Gerdes, acct exec; Anibal Garcia, jr acct exec; Diane Librizzi, media buying.

Proctor & Gardner, Chicago—Black consumer mktg, multi-prod adv—Barbara Proctor, creative dir; William Heyward, copy super; Suzanne Stanley, acct super.

KRAFT DAIRY GROUP
Philadelphia, Pa.

Corporate Personnel

Thomas Herskovits, president, group vp
John Reisenberg, vp-genl mgr, specialty prods

Marketing Personnel

Mitch Wienick, mktg dir, cultured prods
Robert E. Baker, mktg dir, frozen desserts

Advertising Agencies

Geers, Gross, New York—Breakstone cottage cheese, sour cream, dip, Light n' Lively yogurt, cottage cheese & ice milk, Fresh Delights cottage cheese with fruit, Frusen Gladje ice cream, sorbets, Sealtest ice cream, novelties—Dennis King, sr vp; Larry Deitch, vp-acct mgr, frozen; Trish Dorrell, acct super, frozen; Betsy King, acct exec, cultured dairy; Eileen Begert, asst acct exec; Lisa Gossels, asst acct exec, Light 'n Lively.

Young & Rubicam, New York—Breyer's ice cream, yogurt, Breyer's Marble Classics—Richard Kahn, mgmt super; Janet Bertoldi, acct super; Eileen Rosenthal, acct exec. Breyer's jams, jellies and preserves, Kraft jams & jellies, fruit spreads—Susan Machtiger, mgmt super; John Morris, acct super; Michael Smith, acct exec.

KRAFT GROCERY PRODUCTS GROUP
Glenview, Ill.

Marketing Personnel

Eric C. Strobel, president, group vp
Dick Buell, vp, dir-mktg

Advertising Agencies

Leo Burnett USA, Chicago—Parkay prods, Kraft salad dressings, Seven Seas salad dressings, Churny cheeses, Chiffon margarine—Maria Deppe-McNitt, Ken Mays, acct supers.

Foote, Cone & Belding, Chicago—Miracle whip, BBQ sauces, Kraft spread, Source spread, packaged dinners, Celestial Seasonings, youth program, new prods—Jim Cerasani, sr vp-group acct dir; Jean McLaren, vp-sr acct dir; John Nichols, Ann McBeth, Don Coyner, acct dirs.

Young & Rubicam, New York—mayonnaise, —Susan Machtiger, mgmt super; Judy Reiss, acct super; Julie Butkiewicz, acct exec.

KRAFT REFRIGERATED PRODUCTS GROUP
Glenview, Illinois

Robert S. Morrison, president, group vp
Michael Blythe, vp-dir, mktg

Advertising agencies

Leo Burnett USA, Chicago—Velveeta lines, Light 'n' Lively processed cheese, 100% Natural cheeses, Light Natural cheeses, Cracker Barrel cheeses, Casino cheeses—Michael Fogel, Sadru Patel, acct super.

Foote, Cone & Belding, Chicago—Grated cheeses, Handi-Snax—Jim Cerasani, sr vp-group acct dir; John Berka, vp-acct dir; Marti Parletta, acct dir.

J. Walter Thompson USA, Chicago—Kraft Singles, Philadelphia Brand Cream Cheese, Philadelphia Brand Cheesecake Mix, Cheez Whiz—Jack Tukey, sr vp-group acct dir, Kraft Intl; Melissa Murphy, sr vp-group acct dir; Myron Lyskanycz, vp-acct dir; Rick Anderson, vp-acct dir, Kraft Intl; Bob Ravasio, acct super; Kristin Rafkin, Jan Johnson, Terry Byrne, acct reps; Marla Miller, Ann Hoffbeck, asst acct reps; Tod Levy, Jeanene Kroetch, Anne Fadze, acct assts.

Young & Rubicam, New York—Pollio cheeses—Richard Kahn, mgmt super; Judy Reiss, acct super; Sophie Revil, acct exec.

KRAFT VENTURE GROUP
Glenview, Ill.

Bruce Harreld, group vp-pres
Charles Martin, vp-mktg

Advertising Agencies

Campbell-Mithun, Minneapolis—Tombstone pizza—Steve Gordon, sr vp-mgmt super; Don Kvam, acct super; David Kelsey, acct exec; Lisa Parrish, asst acct exec; Bob Fugate, sr vp-group creative dir; Terry Bremer, vp-creative dir; George Halvorson, vp-assoc creative dir; Tom Evans, copywriter; Joe McDowell, creative super.

DiIorio, Wergeles, New York—Budget Gourmet Frozen Foods—Lou Peter, acct super; Toni Helleny, acct exec.

Geers, Gross, New York—Lender's bagels, new business—Dennis King, sr vp; Tom Jasinski, vp-sr acct mgr; P.J. Lehrer, acct exec; Lisa Gossels, asst acct exec.

INDUSTRIAL FOODS GROUP
Memphis, Tenn.

Marketing Personnel

Frank D. Donovan, vp-sales & mktg, private label prods
C.F. Arnoult, vp-industrial oil prod mktg
Fred Betzel, vp-mktg & sales, industrial
Frank D. Donovan, vp-sales, private label
G.E. Maynard, vp-sales, industrial
R.E. Wenzler, vp-industrial ingredients mktg

Advertising Agency

Ward Archer & Associates, Memphis—Ward Archer, chmn; Ward Archer Jr., president; Eddie Tucker, creative dir.

RANK **82**

Kroger Co.

Cincinnati

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	17,100	16,000	6.9
Net income	56	160	(65.0)
U.S. advertising	108	70	54.4
Division sales	**1986**	**1985**	**% chg**
Food store	16,300	15,300	6.5
Convenience	480	404	18.8
Other	370	290	27.6

Kroger sales from continuing operations (not including drug stores sales) increased 7% to $17.1 billion in 1986, despite fewer food stores and low inflation. Sales per average square foot at its food stores rose to $360 from $347 in 1985.

Earnings from continuing operations declined 13% to $138.1 million, even before taking into account $82.3 million in special charges related to its restructuring. In the first half of 1987, Kroger posted two strong quarters. Sales from continuing operations were up 3.6% to $8.10 billion, while earnings from the same increased 18.7% to $90.6 million.

Company officials credited aggressive merchandising and lower operating costs—partly as a result of its restructuring—for the strong results.

Kroger spent $200 million on advertising in 1986, including local advertising not included in the national expenditures accompanying this article. That was 10.5% more than the $181 million spent in 1985, a company spokesman says.

Large increases in spending on network TV, network cable, magazines and outdoor advertising are primarily a result of a corporate "meat excellence" image campaign intended to increase exposure to Kroger's meat products, says J. Richard Owens, VP-advertising.

Owens says regional network TV cost a little less than spot TV and increased market coverage by about 50%. Spending on TV and radio will increase as a percentage of total ad spending in 1987, but print will remain dominant, he says. The company would spend more on regional network TV if it were available, Owens says.

Meat merchandising continued to be a top priority at Kroger in 1987. Results have been healthy: meat sales were up 14% in 1985 and 6% in 1986, despite reduced consumption of meat nationwide. Through the first half of 1987, meat sales were growing at a 5% pace.

A significant development in meat merchandising has been the introduction of Excel brand-name meat products in selected markets, where they have garnered as much as 50% of Kroger meats sales. Kroger officials say brand-name meat will be in all 1,300 Kroger stores withn a year.

Other elements of the meat campaign—built around Alex the butcher in Kroger ads—include reducing fat trim to one-quarter inch, instituting a double-money-back guarantee policy, and precooked items ready for the microwave. Kroger has also set up an 800 number for customer questions about meat and seafood. The service fielded 39,000 calls in 1986.

With restructuring completed a leaner Kroger Co. is now focusing on store development—with the emphasis on convenience. Some 98% of new Kroger grocery stores, including many which are replacing older outdated units, are state-of-the-art designed for one-stop shopping. They're targeted at working women, two-income families and a maturing population with more disposable income.

The convenience stores include full-service, expanded grocery departments; drug stores; video departments; greeting cards and floral shops. They range in size from 50,000 to 66,000 sq. ft. At year end, Kroger had 1,298 food stores and 735 convenience stores, compared to 1,367 and 643, respectively, a year earlier.

Kroger also is expanding its marketing of Kroger-produced. upscale brands—Texas Gold premium ice cream, Esprit yogurt, Vienna Creme ice cream bars, American Home Danish and Engli calcium-fortified milk—to compete with similar national brands.

In May, its Dillon subsidiary bought Mini Mart Inc., a 115-unit chain of convenience stores based in Casper, Wyo.

Price Savers Warehouse Inc., a wholesale membership warehouse chain based in Salt Lake City and acquired in 1985, is expanding to the East. In addition, Kroger formed a new subsidiary, Welcome Inc., and will open three super warehouse stores in the Southeast by the end of the year.

Kroger's 1986 restructuring included closing 100 unprofitable stores, selling off its 870-unit, SupeRx and Hook's store division, and trimming headquarters expenses by 25% through an early retirement program.

More indirectly, implementation of the restructuring precipitated the ouster of William G. Kagler, president since 1983 and a 22-year veteran of what is now the nation's largest grocery chain. He was replaced by Joseph A. Pichler, who had been president-ceo of Dillon Co. Inc., a Kroger subsidiary since 1983.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	787	61
Network TV	1,846	9
Spot TV	39,666	26,890
Spot radio	3,178	3,459
Outdoor	2,341	737
Network cable	295	0
Total measured	48,113	31,157
Unmeasured	60,226	39,000
Total	108,339	70,157

KROGER CO.
1014 Vine St.
Cincinnati, Ohio 45201
(513) 762-4000

Corporate Personnel

Lyle Everingham, chmn-ceo
Joseph A. Pichler, president-coo

Marketing Personnel

Richard M. Koster, exec vp
J. Richard Owens, vp-adv

Advertising Agency

Campbell-Mithun, Chicago—Marv Goldsmith, exec vp-genl admin mgr; John Kroening, Jon Wylie, vps-mgmt supers.

RANK **58**

Loews Corp.

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	8,626	6,700	28.7
Net income	546	589	(7.3)
U.S. advertising	146	157	(6.7)
Division sales	**1986**	**1985**	**% chg**
Cigarettes	1,716	1,650	4.0
Hotels	159	143	11.2
Investments	1,205	1,056	14.1
Life insurance	1,500	1,333	12.5
Prop., cslty. ins.	3,951	2,437	62.1

Loews Corp., now out of a losing position in the movie theater business, once again found new growth and big profits in its insurance and cigarette operations.

Lorillard, the company's cigarette unit, was its second biggest money-maker and accounted for the lion's share of its media spending in 1986. CNA Financial Corp., Loews' second most advertised division with a modest measured expenditure of $5.4 million—all in magazine advertising in 1986—was its most profitable.

Lorillard advertising stayed on even keel in 1986. In the seven media monitored by BAR/LNA, measured media expenditures for Lorillard cigarette products topped out at $58.3 million, about the same level as 1985.

Although industry-wide cigarette sales volume dropped 2.1% in 1986 from a year earlier, volume losses at Lorillard were smaller. Lorillard ended the year with record sales and profits, with net income up 28% over 1985. It was the division's 11th straight year of record profits, despite consumer health concerns, a declining cig-

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arette-smoking population, the high price of cigarettes and a depressed market.

Lorillard's sales performance was spurred by the impressive growth of the Newport brand, which posted a 3.8% market share, an increase of almost 10% over 1985. Lorillard's share of the total cigarette market remained at 8.1%, unchanged from a year earlier. Excluding generic and price/value brands, Lorillard's share of the market stood at 8 [illegible]%, up from 8.8% in 1985.

Newport remained Lorillard's leading brand in 1986, winding up the year as the eighth largest selling brand in the industry, with a 3.9% share, behind Marlboro, the perennial leader at 22.9%. Others in the top 10 brands were RJR Nabisco's Salem menthol at 7.8%, Brown & Williamson's Kool menthol at 6.4%, Philip Morris' Benson & Hedges at 4.4% and its Merit brand at 4%, RJR's Camel at 4.3% and its Vantage at 3.2% and American Brands' Pall Mall at 3.2%.

Loews spent more to advertise Newport —$33.7 million for the brand line, up 5.6% from 1985—than on any of its other brands or non-cigarette products. Newport menthols had the support of $23.1 million in measured spending, more than half of that in outdoor advertising, according to BAR/LNA.

First half market share reports for 1987 found Newport extending its gains, moving ahead of Benson & Hedges and into sixth position, with a 4.2% share. At the same time, Lorillard went into two test markets with Newport Stripes, a new entry with a white filter tip (other Newport brands are cork-tipped) designed to appeal to women. The test products are being offered in 100mm lengths and in slim and regular. Yet another Lorillard product tested this summer is a cigarette named Harley-Davidson, a king-size regular offered in a black package with a golden eagle logo.

Measured media spending for Lorillard's True cigarette line in 1986 rose slightly to $13.9 million, most of it devoted to the new True Gold brands introduced a year earlier. Magazines and newspaper supplements accounted for the major media expenditures, while use of outdoor amounted to about $2 million, a bit less than in 1985.

First half 1987 also saw the introduction of new packaging for Lorillard's True cigarette brand. Instead of the familiar white packaging with blue (non-menthol) and green (menthol) circles, Trues are now sporting a more contemporary silver packaging, retaining the blue and green circles motif to denote non-menthol and menthol versions. The new packaging reportedly rates high in consumer acceptance.

Measured media expenditures for Kent, Lorillard's one-time flagship cigarette line, dropped to $10.6 million, down 28.4% from 1985. Most of the 1986 outlay for Kent came in the third and fourth quarters, a marketing and promotional effort that helped reduce the brand's declining sales. At year end, Kent brands represented one-third of Lorillard's total cigarette sales and were the 12th largest seller in the industry.

Media spending on behalf of Lorillard's Beech-Nut chewing tobacco was measured at $2 million, of which $1.3 million went to spot TV, the company's only and probably final use of broadcast to promote its tobacco products. Expenditures remained virtually unchanged from year-earlier figures, and Lorillard loose-leaf chewing tobacco products maintained market share in 1986.

The year saw enactment by Congress of the Comprehensive Smokeless Tobacco Health Education Act, which eliminated all broadcast advertising for smokeless products. It also requires warning notices be placed on all packaging, print advertising and point-of-sale materials beginning in 1987.

Loews' financial arm, CNA Financial Corp., which made up 37% of Loews' revenue and 41% of its net income in 1986, reported record sales and earnings for the year. Net operating income was up 45% over 1985, net income up 32% and revenues up 39%. While most insurance lines showed gains, commercial property and casualty reported the largest increases, up 45% in profit. Life insurance sales also showed a healthy gain, with net income at $51.3 million, up 15.6% from 1985.

The company's Bulova watch and clock operations, restructured and moved into new facilities, posted a third straight profitable year. Bulova's timepiece advertising, which accounted for about $1.8 million in measured media in 1986, also took a new direction. Set to the theme of "Bulova, it's America's Time," ads and promos for watches and clocks depicted special moments in a person's lifetime and linked them with Bulova. Increased exposure through national publications and spot TV marked the 1986 ad effort.

Loews Hotels division marked an eventful year highlighted by the appointment of Preston R. Tisch, former president of Loews Hotels, as Postmaster General of the United States. The division's net income of $11.1 million remained virtually unchanged from 1985, despite a 10% increase in revenues to $175 million. Another high point of 1986 was the formation of the Grande Collection of Hotels, a marketing and reservation company representing international luxury properties, including Campton Place, San Francisco; the Regency, New York, and Westwood Marquis, Los Angeles.

Loews gained $11.1 million in income from its 24.91% holdings in CBS Inc. Laurence A. Tisch, Loews' chairman-ceo, who spearheaded the purchase of CBS stock in 1985, wielded his power in engineering the replacement at CBS of CEO Thomas H. Wyman. Mr. Tisch claimed the position for himself.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	8,114	13,815
Magazines	34,434	36,041
Newsp. supp.	6,861	4,024
Bus.pubs.	197	27
Spot TV	1,597	1,865
Spot radio	40	937
Outdoor	25,000	25,171
Network cable	222	72
Total measured	76,467	81,952
Unmeasured	69,980	75,000
Total	146,447	156,952

LOEWS CORP.

666 Fifth Ave.
New York, N.Y. 10103
(212) 841-8100

LORILLARD DIV

Corporate Personnel

J.R. Ave, president-ceo

Marketing Personnel

R.H. Orcutt, sr vp-sales
T.H. Mau, sr vp-adv & brand mgmt
S.R. Ridgway, vp-pr
J.P. Mastandrea, vp-sales
L. Gordon, vp-trade devel
G.R. Telford, vp-adv & brand mgmt
J.E. Daghlian, group brand dir
W. Sands, media dir
P.A. Lawless, sales promo dir
S.T. Jones, mktg rsch dir
R.D. Hammer, group brand mgr
A. Pasheluk, group brand mgr
K.P. Augustyn, brand mgr
V.D. Lindsley, brand mgr
C.D. Ray, brand mgr
J.A. Guardino, assoc brand mgr
J. Arato, asst brand mgr
W. Leong, asst brand mgr
M. Liebow, asst brand mgr

Advertising Agencies

Ally Gargano/MCA Advertising, New York —Newport, new prods—Warren Dechter, exec vp; Ed Ricci, sr vp.

BBDO, New York—Kent, Kent III, Kent Golden Lights; new prods—Joe Barrett, vp-sr mgmt rep; Ken Angel, sr vp-mgmt super; John Marchese, vp-acct super.

Saatchi & Saatchi DFS Compton, New York —True, Triumph, Beech-Nut chewing tobacco, new prods—Tom Bohan, mgmt dir.

LOEWS HOTELS

Corporate Personnel

Robert J. Hausman, chmn-ceo
Jonathan Tisch, president
William H. Maibach, exec vp-domestic operations

Marketing Personnel

Philippe Borel, vp-mktg
Marian Succoso, dir-adv & sales promo
Michelle Oaklan, dir-pr

Advertising Agencies

Arias & Sarraille, Palo Alto, Calif.—Ed Sarraille, partner.

Cavalieri & Kleier, New York—Ian Kleier, acct exec.

Warren/Kremer Advertising, New York—Christine Marino, acct exec.

CNA INSURANCE COS.

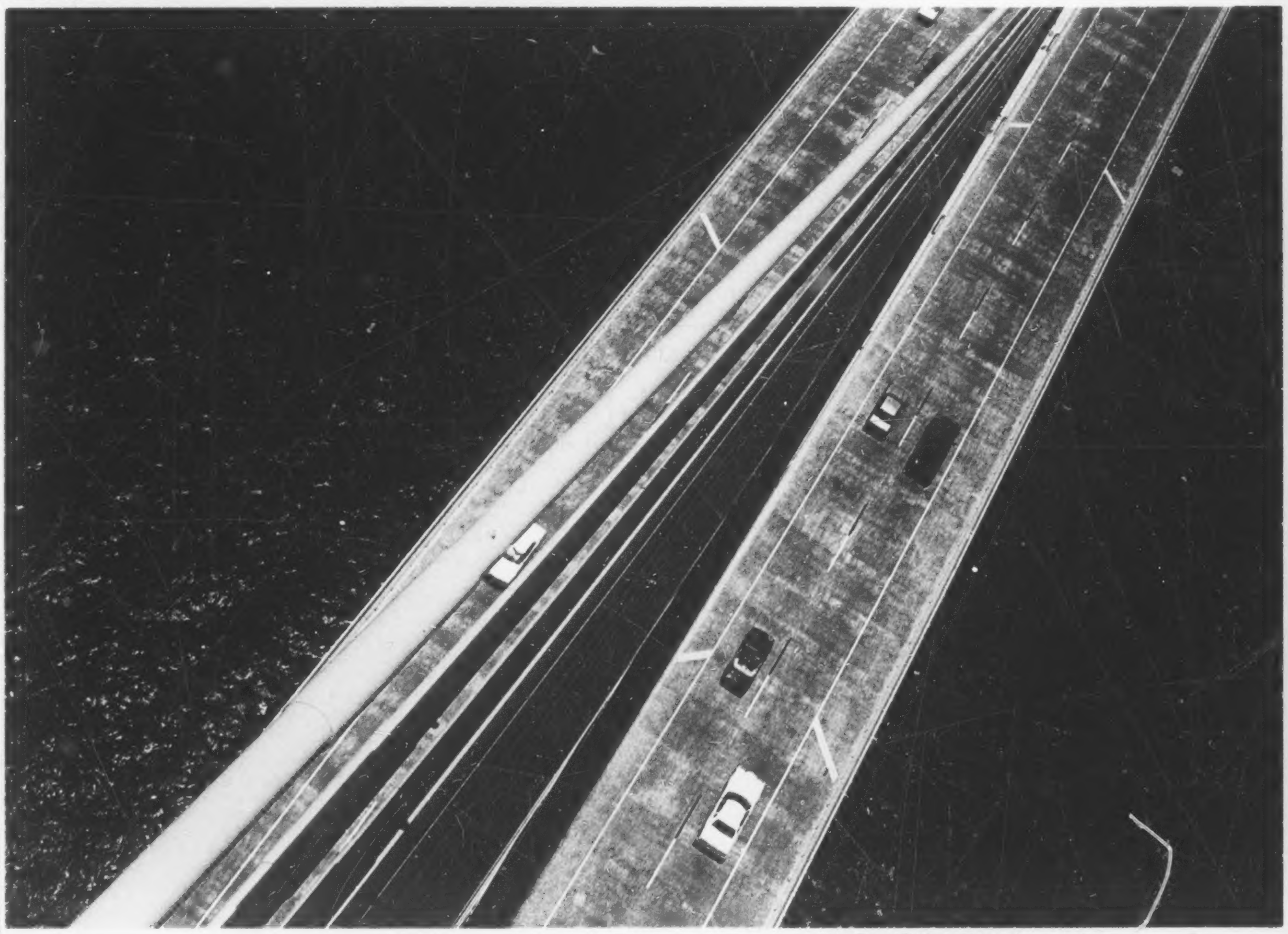
Chicago

Corporate Personnel

Edward J. Noha, chmn-ceo

Marketing Personnel

Philip L. Engel, vp-mktg



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Sources: Market statistics from Sales & Marketing Management's 1987 Survey of Buying Power. Readership is from the 1987 Scarborough Report.

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James G. Pettorini, asst vp, life/health/pensions distribution mktg
Susan H. Hogan, sr mgr-corp comm

Advertising Agency

Frank C. Nahser Inc., Chicago—business, trade publications—Frank Nahser, president.

BULOVA WATCH CO.
Woodside, N.Y.

Corporate Personnel

Andrew H. Tisch, president

Marketing Personnel

Robert E. Ryan, vp-mktg
Richard Jamroz, mktg dir
Jane Disanto, mgr-business planning & prod devel

Advertising Agency

McCaffery & Ratner, New York—David Hooper, sr vp-mktg dir.

Mars Inc.

RANK **27**

McLean, Va.

($ in millions)

Worldwide	1986	1985	% chg
Sales	N/A	N/A	N/A
U.S. advertising	313	276	13.4

Mars Inc. is overhauling its product lines in all divisions, launching new brands and discontinuing tests of items that haven't captured consumers' fancies, such as gourmet cat food and filled potato chips.

Advertising for all brands in 1986 increased only 13% to $312 million, following 1985's dramatic hike in ad spending of nearly 27%. But Mars continues to be a healthy ad spender, retaining its market lead in candy and rice products.

Its largest division, M&M/Mars, is preparing the introduction of a new bar, P.B. Max, a peanut butter cookie-candy bar, which would be aimed at Hershey's Reese's Peanut Butter Cups, according to sources. P.B. Max is slated for test later this year or in early 1988. Leo Burnett, Chicago, has the assignment.

M&M/Mars, with 37% of the candy market, still retains a slim 1% lead over arch-rival Hershey Foods' 36% share. Hershey in recent years has been more aggressive in launching new candy bars, but Mars appears to be more active in product development.

Mars' latest national introduction, Kudos, is a hit. Barely a year since its launch, chocolate-covered Kudos has snared a 20% share of the $387 million crowded granola bar category. Kudos, which comes in chocolate chip, nutty fudge and peanut butter flavors, has been available nationally since February.

Analysts credit Mars with recognizing that consumers see granola bars more as a confection than as a health-food snack. Kudos is sweeter and more like candy than products of many competitors. Mars also aggressively marketed and advertised Kudos, backing it with $4.5 million in measured spending in the limited market rollout in 1986.

In May, however, M&M/Mars dropped a longtime test of Royals, its M&M-like confection aimed at adults. Mars says next year it will try another product targeting older consumers. "We still believe in the upscale market," says Whitney Hill, M&M/Mars trade relations director. "Royals were probably too close to M&Ms." Royals were available for several years in Washington, Baltimore and Atlanta markets.

In July, M&M/Mars announced a reformulation of the U.S. version of the Milky Way bar to make it less sweet. More like its European version, Milky Way will contain 20% more chocolate and be enclosed in a jazzier wrapper. In September, Backer Spielvogel Bates Worldwide launched an $8 million campaign to tout the virtues of the new bar.

The candy division in June hired its first Hispanic agency, Mendoza, Dillon & Asociados, Newport Beach, Calif., to handle Snickers and M&Ms.

Mars' snack foods lines have not racked up the successes of its candy products. This year the company stopped shipments of Dooley's filled snacks and potato chips, which had been sold for several years in the Midwest. Cornquistos are still available only in the Southwest. The most popular Mars snack, Combos, has expanded to about 80% of the country, up from 60% last year. A new variety, peanut butter Combo crackers, was introduced this summer. Combos' traditional flavors were cheese-filled pretzel and cheese cracker varieties.

M&M/Mars candy measured media spending rose 13.5% in 1986 to $172.9 million. Snack food advertising fell 5% to $5.4 million, according to BAR/LNA. BAR/LNA, which measures spending in seven media, monitored spending for various candy and snack brands: 3 Musketeers, $3.6 million, down 44%; Kudos, $4.5 million (introduction); M&M Candies, $26.8 million, up 6.8%; Mars Bar, $5.9 million, up 11%; Milky Way, $9.2 million, up 31%; Royals Mint Chocolates, $1.2 million, up 200%; Skittles, $7.2 million, up 33%; Snickers, $27.5 million, up 7%; Starburst, $5.8 million, up 4%; Twix, $9.8 million, down 19%; Combos, $3.9 million, up 8%; Cornquistos, $600,000, down 54%; Dooley Filled Snacks, $700,000, up from $11,400; and Dooley Potato Chips, $200,000, down 71%.

Mars' Uncle Ben's division threw 71% more into its ad budget in 1986, spending $27.4 million, according to BAR/LNA. Country Inn Rice mixes now come in 11 flavors, with the addition of four new varieties this year.

And Uncle Ben's has entered the fast expanding ethnic-seasonings mixes market, with the national launch this summer of Susie Wan, four flavors of dry packaged dinner mixes. Consumers may add chicken or beef to such flavorings as sweet and sour, teriyaki or oriental. Another product, Susie Wan fried rice mix, is also new this year. Backer Spielvogel Bates Worldwide handles Susie Wan.

Uncle Ben's Country Inn Rice was backed by $13.2 million in advertising in 1986, up from $1.4 million. Spending for Uncle Ben's Rice fell 12% to $12.9 million. The division spent $1.2 million, down 14% for Uncle Ben's Side Dishes.

Mars' Kal Kan pet food division hiked spending by merely 0.8%. It discontinued Kal Kan Pet & Glamour Kitty Food, a gourmet cat food introduced in March 1986 in savory white fish, tender veal and chicken liver dinner flavors, and it axed Petcraft Dog Treats, also tested in 1986. The only addition to the lineup this year is Feathers, a wild birdseed in test in New England. No agency is assigned.

Market share for the Kal Kan division grew to 9.3% in 1986 from 8.4% of the pet food category in 1985, according to John Maxwell, analyst for Furman Selz Mager Dietz & Birney, New York. He estimated its sales rose to $522.9 million, from $453.3 million in 1985.

Kal Kan Cat Food continued to hold second place in the category, with 1986 sales estimated by Mr. Maxwell at $226 million. Crave dry cat food moved back into fourth place with sales of $66.5 million, while Heinz' 9-Lives fell from fourth to fifth place. Kal Kan canned dog food continues to hold the No. 2 slot in the category, with $155 million in 1986 sales, behind market leader Alpo ($230 million).

Mealtime dry dog food continues to slip in its market share. It dropped yet another notch in 1986, to seventh place, as sales fell slightly to $66 million, says Mr. Maxwell. He estimates 1986 sales of $7.4 million for Kal Kan Marrow Bones dog treats, making it ninth in the dog treat category.

Measured spending for Kal Kan division products includes: Crave Cat Food, $10.9 million, up 38%; Kal Kan Canned Cat Food, $8.2 million, down 2%; Kal Kan Canned Dog Food, $9.7 million, up 3%; Kal Kan Pet & Glamour Kitty Food, $20,000 (new); Mealtime Dry Dog Food, $4.8 million, down 44%; Petcraft Dog Treats, $900,000, up 125%; Petcraft Marrowbone Dog Biscuits, $400,000, up from $14,800.

In August 1986 Mars purchased DoveBar International, Chicago, maker of expensive, hand-dipped chocolate and ice cream bars. Dove is operating as a separate Mars division, but this July the company moved its estimated $4 million account for the main DoveBar product to a Mars agency, Leo Burnett USA, Chicago, from Zechman & Associates, Chicago. Dove's other two products, Forever Yours and Rondos, continue to be handled by Tatham-Laird & Kudner, Chicago.

This year Dove renamed Dove Delight, its ice cream dessert, dubbing it Forever Yours, the name of a discontinued Mars candy bar. And Rondos, bite-size chocolate-covered ice cream confections, were introduced this year. Measured spending for Dove in 1986 was $1.6 million.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	507	377
Magazines	15,343	5,820
Newsp. supp.	0	347
Bus pubs	184	2,091
Network TV	84,983	87,216
Spot TV	48,065	40,457
Network radio	4,765	3,991
Spot radio	1,255	535
Outdoor	102	0
Network cable	17,668	11,605
Total measured	172,872	152,438
Unmeasured	139,735	123,218
Total	312,607	275,656

MARS INC.
1651 Old Meadow Rd.
Westgate Park
McLean, Va. 22102
(703) 821-4900

M&M/MARS DIVISION
Hackettstown, N.J.

Corporate Personnel

Howard L. Walker, president

Marketing Personnel

J. Langdon, sr vp-brands & sales
Randy Webb, vp-sales
Ted Lusher, dir-broker sales
Joseph Stallenhoef, vp-non-chocollate prods
Jim Conlan, dir-trade devel
Whitney Hill, trade relations dir

UNCLE BEN'S INC.
Houston, Texas

Corporate Personnel

Bill Hellegas, president

Marketing Personnel

Al Aragona, vp-mktg & sales

KAL KAN FOODS
Vernon, Calif.

Corporate Personnel

Thomas Armstrong, president

Marketing Personnel

John Murray, vp-brands

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—pet foods, Kal Kan canned dog and cat food—Norman Bierman, exec vp; Simon Turner, mgmt rep. Candy & snacks, Kudos, M&M's chocolate candies (plain and peanut), Snickers, Milky Way, Starburst fruit chews, —Larry Light, Sheila Patterson, acct dirs; Alice Uniman, Pan Marcus, Dana Tower, sr vp-mgmt reps. Uncle Ben's—Randy Hackett, exec vp; Alan Kellam, sr vp-mgmt rep.

Leo Burnett USA, Chicago—candy, snacks, 3 Musketeers bar, Twix caramel cookie bar, Mars almond bar, P.B. Max, DoveBar—Dan Reid, exec vp-acct dir.; Brad Brinegar, acct super (candy); Peter Picard, acct super (DoveBar).

DMB&B, New York—Crave cat food, new pet food projects—Rod Torrance, sr vp-acct dir; Andrew Salzman, vp-acct super.

DMB&B, St. Louis—Skittles, Combos, Cornquistos— Rick Spatz, sr vp-acct dir; Dave Gulick, Steve Kempf, vp-acct supers.

Mendoza, Dillon & Asociados, Newport Beach, Calif.—hispanic adv, Snickers, M&Ms—Robert Howells, sr vp-acct dir; Sergio Ruiz, acct super.

Tatham-Laird & Kudner, Chicago—DoveBar's Rondos, Forever Yours—Kirk Borland, sr partner-acct dir; Melissa Connolly, acct super.

May Department Stores

RANK **99**

St. Louis

($ in millions)

Worldwide	1986	1985	% chg
Sales	10,400	9,500	9.5
Net income	381	347	9.8
U.S. advertising	85	68	24.1
Division sales	**1986**	**1985**	**% chg**
Department stores	6,503	6,128	6.1
Caldor	1,411	1,339	5.4
Venture	1,129	1,004	12.5
Discount stores	2,540	2,343	8.4
Volume shoes	934	697	34.0
Loehmann's	351	322	9.0
Specialty stores	1,285	1,019	26.1
Real estate	48	52	(7.7)

Several days following the October 1986 acquisition of Associated Dry Goods by May Department Store Co., Joseph Brooks, the chairman-ceo of Associated's Lord & Taylor division retired, signaling the first of several changes to occur at the upscale, New York-based retail chain.

The acquisition diminished Mr. Brooks' hope of becoming ceo of Associated, a job he was being groomed to assume from Joseph Johnson. Mr. Johnson, unhappy over the acquisition, retired from his post one week before Mr. Brooks, but he remains on May's board of directors.

Marshall Hillsberg has replaced Mr. Brooks as chairman-ceo at Lord & Taylor, May's largest department store division, which in 1986 recorded sales of $825 million, up 17.5% over 1985. Mr. Hillsberg held the same title at May's G. Fox & Co., Hartford, Conn., where he was promised a significant promotion once the acquisition was final.

James Guinan, chairman-ceo, Norwalk, Conn.-based Caldor discount store unit, also resigned last October. He was replaced by Don Clarke, who had been chairman of May's Venture unit.

The acquisition, which added 440 stores to May's 145, gives May Co. a stronger presence in the Northeast, where Lord & Taylor operates most of its stores. Also included in the deal were Caldor discount stores, J.W. Robinson retailers and Loehmann's offprice clothing stores.

As a result of the acquisition, May had record sales of $10.4 billion in 1986, up 9.5% from 1985, while its measured advertising budget leaped from $24 million to $39.4 million.

May divides its stores into three divisions: department stores, discount stores and specialty stores. In 1986, total May department store sales increased 6.1% to $6.5 billion—a 4.5% increase on a store-for-store basis.

A record 12 department stores, comprising approximately 1.7 million sq. ft. of retail space, opened in 1986, marking the most department stores ever opened by May during a single year. The company also closed 13 department stores, only two of which were replaced by new May-owned stores.

Additionally, May agreed to sell its Pittsburgh-based Joseph Horne Co. department stores in a leveraged buyout led by Robert O'Connell, Horne's president-ceo. May had earlier promised to sell Horne in return for an agreement by the city of Pittsburgh, Allegheny County and the state of Pennsylvania to drop their lawsuit seeking to prohibit May from acquiring Associated Dry Goods. The suit was filed in July 1986 charging that the acquisition would be anti-competitive by giving May control of virtually all of the department stores in Pittsburgh and Allegheny County. At the time of the spinoff, Horne operated 15 stores. The chain's 1985 sales were $209 million.

Caldor and Venture are May's two discount store chains, responsible for 1986 sales of $2.5 billion.

Caldor's sales were $1.4 billion in 1986, a 5.4% increase over 1985. The chain grew 1.1% on a store-for-store basis. Because May management was disappointed in Caldor's performance in 1986, the company took steps to realign its inventory position through liquidation sales aimed at improving inventory currency. Caldor also reduced significantly the number of stock-keeping units carried.

Venture sales were $1.1 billion in 1986, an increase of 12.5% over 1985. The chain grew 8.8% on a store-for-store basis. Three more stores were recently added to Venture's largest market area, Chicago, with a fourth store introduced in Manchester, Mo. At year-end, Venture operated 65 stores in seven midwestern states. The company continues to support the chain with the ad theme, "Save at Venture, save with style."

May's two specialty retail operations, Volume Shoe Corp. and Loehmann's off-price women's clothing stores, contributed $1.3 billion to the company's total revenues.

Volume, May's fastest-growing unit, operates under the name Payless ShoeSource in many states. The stores had 1986 sales of $934 million, an increase of 34.1% over 1985 and 14.3% on a store-for-store basis. This tremendous growth was attributed to the opening of 343 new Payless ShoeSource outlets, including the 129 acquired from SCOA Industries in early 1986. There are 2,210 Volume Shoe stores in 40 states and Washington, D.C., with plans to open 235 new outlets by the end of 1988.

Payless is supported with a TV and radio campaign themed "You could pay more, but why," via Foote, Cone &

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Loehmann's sales were $351 million in 1986, up 9% from 1985 and 2.2% on a store-for-store basis. The division opened 12 new stores in 1986, located primarily in the mid-Atlantic and southern states.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	9,858	5,609
Magazines	1,807	1,872
Newsp. supp.	805	57
Network TV	3,738	3,513
Spot TV	32,364	28,723
Spot radio	848	187
Outdoor	687	418
Total measured	50,107	40,379
Unmeasured	34,746	28,000
Total	84,853	68,379

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CALDOR
Norwalk, Conn.
Marketing Personnel
Al Buczko, sr vp-adv & sales promo
Advertising Agency
(In-house).

FAMOUS-BARR
St. Louis, Mo.
Marketing Personnel
Jo Lawley, sr vp-adv & sales promo
Michael Wolf, vp-adv dir
Advertising Agency
Stolz Advertising Co., St. Louis—Ellen Horn, acct super; Lori Berman, media.

G. FOX & CO.
Hartford, Conn.
Marketing Personnel
Bernard Sklar, sr vp-sales promo
Advertising Agency
(In-house).

GOLDWATER
Scottsdale, Ariz.
Marketing Personnel
William Heckman, vp-sales promo & mktg
Advertising Agency
(In-house).

HAHNE & CO.
Newark, N.J.
Marketing Personnel
Donald Ziccardi, sr vp, dir-sales promo
Advertising Agency
(In-house).

HECHT & CO.
Washington, D.C.
Marketing Personnel
Steven Wichnow, sr vp-sales promo
Don DeFabio, sr vp-mktg
Advertising Agency
Rosenthal, Greene & Campbell, Bethesda, Md.—Judith Greene, president.

J.W. ROBINSON
Los Angeles, Calif.
Marketing Personnel
Wendell Ensey, sr vp-sales promo & adv
Advertising Agency
(In-house).

KAUFMANN'S
Pittsburgh
Marketing Personnel
Jerry Eccher, sr vp-sales promo & adv
Advertising Agency
(In-house).

LOEHMANN'S
Bronx, New York
Marketing Personnel
Hy Leder, vp-adv & pr
Advertising Agency
Weissberg & Associates, New York—Marty Weissberg, president.

LORD & TAYLOR
New York, N.Y.
Marketing Personnel
Gerald H. Blum, exec vp-mktg & rsch
Rita Lennick, sr vp-adv
Patricia Doyle Burgevin, vp-adv mgr
Advertising Agency
(In-house).

L.S. AYERS
Indianapolis
Marketing Personnel
Paul Cavelli, sr vp-dir-mktg
Kathryn Kish, vp-sales promo
Advertising Agency
(In-house).

MAY CO.
Cleveland
Marketing Personnel
Stephen D. Thorpe, sr vp-sales promo
Penelope Burns, vp-adv dir
Advertising Agency
(In-house).

MAY CO.
North Hollywood, Calif.
Marketing Personnel
Harry Wendland, sr vp-sales promo
Advertising Agency
(In-house).

MEIER & FRANK
Portland, Ore.
Marketing Personnel
David Miller, senior vp-sales promotion
Advertising Agency
(In-house).

O'NEIL'S
Akron, Ohio
Marketing Personnel
Terry McDonald, sr vp-sales promo
Advertising Agency
(In-house).

SIBLEY'S
Rochester, N.Y.
Marketing Personnel
Susan Lapple, vp, dir-adv
Advertising Agency
(In-house).

VENTURE
O'Fallon, Mo.
Marketing Personnel
Ann Armburster, sr vp-mktg
Thomas Gent, vp-adv
Advertising Agency
(In-house) Corinthian Advertising, New York.

VOLUME SHOE CORP.
Topeka, Kan.
Marketing Personnel
Greg Jones, vp-sales promo & adv
Advertising Agency
Foote, Cone & Belding, Chicago—Dan Zigulich, acct exec.

Mazda Motors Corp.

RANK
54

Hiroshima, Japan

($ in millions)

Worldwide	1986	1985	% chg
Sales	10,100	9,748	3.6
Net income	50	193	(74.1)
U.S. advertising	157	119	32.2

Mazda Motors of America Inc. found its limited offerings, the declining dollar and U.S. import restrictions a severe drain on profits in 1986-87. Ad spending only matched prior year levels, although that is likely to change as Mazda's U.S. output increases and it introduces its four-wheel-steering models this year.

Although worldwide sales showed a 3.4% increase over year-earlier figures, profits took a precipitous 74% drop, mainly because of the rise in value of the yen against the dollar. This particularly affects its top export market, the U.S., where its sales have been limited by voluntary import restraints and its margins are thinning as the differential between the price Mazda gets for its cars in the U.S. comes closer to the cost of producing them in Japan.

Sales and earnings of the parent company, Mazda Motor Corp., Hiroshima, Japan, which appear in the accompanying box for fiscal years ending Oct. 31, were converted from yen to dollars at a rate of Y161 = $1.

Mazda will get relief from its reliance on exports and dollar dependency this fall when its cars start rolling out of the newly built $450 million plant at Flat Rock, Mich. The two cars that will be produced at the plant will be marketed separately by Mazda and Ford. Ford owns 25% of Mazda. The models include a front-wheel-drive Mazda 626 and a front-wheel-drive compact car for Ford, names Probe, that originally was planned as the replacement for the Mustang.

Mazda's long-awaited four-wheel-steering system was introduced in September 1987 in the 626GT. It is likely that 4WS will be offered on the 626 model produced at Flat Rock this fall. Mazda and Honda are in a dead-heat to see who can beat the other in offering the 4WS option stateside.

Mazda's worldwide factory sales were up 6.4%, to 1,405,170 units, a figure boosted by a 4.5% sales increase to 357,223 units domestically in Japan. Total exports increased 7.1%, to 1,047,947 units. Consumer acceptance of the redesigned Mazda 323 and RX-7 models helped maintain a strong flow of vehicles to North America during fiscal 1986. Shipments were up 19.2% to 430,889 units.

In the U.S., sales of imported Mazdas totaled 379,843 units—222,716 cars, up 5.2% from a year earlier, and 157,127 trucks, up 26.5% over 1985. Unit car sales gave Mazda a 6.8% share of the import car market, down from 7.4% in 1985.

Mazda auto sales represented 2.0% of the total U.S. market, behind Honda at 6%, Toyota's 5.7% and Nissan with a 4.8% share. The popular 626 models, priced from $10,000-$14,000. accounted for 92,411 unit sales, followed by the 323 models (priced at $6,009-$8,899) at 74,062 units and the top-of-the-line, high-performance RX-7s (priced at $14,199-$20,399) at 56,203 units.

High demand for the Mazda B2000 pickup trucks produced sales of 157,127 units, up 26.5% over 1985, giving Mazda a 16.7% share of the light truck import market and a 3.3% share of the total U.S. market. Mazda ranks third in light truck sales among imports, behind Toyota with a 41% import share (8.3% U.S.) and Nissan with a 23.8% import share (4.8% of the U.S. market.)

Mazda in the U.S. is a combination of Mazda Motors of America (Central), Rancho Dominguez, Calif., and Mazda Motors of America (East), Jacksonville, Fla. The California company is a joint venture of Mazda Motors Corp. (known as Toyo Kogyo Co. Ltd. until 1984) and Su-

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mitomo Corp. and handles car and truck imports to the Great Lakes, Gulf regions and western U.S. The Florida operation is a subsidiary of C. Itoh Co. and handles imports to an 18-state region in the East and Southeast.

With only one major change for 1987—a new wagon in the 323 subcompact series—the company's ad strategy for the 1987 models closely resembled that of previous years. Measured media spending totaled $72.1 million, some 68% in network and spot TV and 30% in enthusiast and newsweekly magazines. TV and print ads continued to keep the price/value theme of previous model years and stressed "total performance" of the full Mazda line.

Actor James Garner continued as company spokesman for the 1987 models. A new series of ads play on his serious, nononsense, dry approach.

Media buying, largely on TV, is geared for weekend sporting events and magazine-format programs (such as "60 Minutes"). Mazda sponsored NFL football, NCAA basketball, women's and senior professional golfing and was the sole auto sponsor of the post-season Mazda Gator Bowl. It continued for a seventh straight year the "Mazda Sportslook" series of sports journalism cable programs on ESPN.

Mazda strengthened its small truck lineup with the mid-year introduction of its first four-wheel-drive model. The company also unveiled the B2200, a new two-wheel-drive pickup with a 2.2 liter four-cylinder engine.

The company continued its strategy of marketing its compact pickup trucks the same way it sells cars: zero in on wealthy, urban consumers. Mazda spent $24.7 million in measured media on trucks. The B2000 line of light trucks took the lion's share of the 1986 ad budget, $15.5 million of the measured spending in network TV and $6.7 million in magazines. The pickups were positioned as maneuverable, fun to drive and loaded with creature comforts.

Mazda pickup truck sales reached record highs in calendar '86 with the help of special value packages. One such package, attached to the SE-5 model and called the "SE-5 plus Five," offered $500 worth of extra features and equipment at no extra charge for a limited time. Later in the 1987 model year, the package was modified to become the "SE-5 plus Seven," offering $700 worth of extra freebies.

In late July, as sales of the '87s lagged and time for the 1988 model introductions grew near, Mazda also offered a special value package to spark sales of its 626 and 323 models. Full-page newspaper ads proclaimed "$900 in options free or $900 cash back on all Mazda 626's." On 323 models, the offer was $500 in options or a cash rebate.

Mazda continued its involvement in auto racing with its RX-7 high-performance rotary engine sports passenger car. Measured media spending behind the RX-7 in 1986 was $16.2 million, unchanged from the previous year. The car was named 1986 Import Car of the Year by *Motor Trend* magazine.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	13,514	5,029
Magazines	31,524	28,890
Bus pubs	1,265	*
Network TV	45,075	44,153
Spot TV	25,281	10,006
Network radio	315	0
Spot radio	788	33
Outdoor	6	12
Network cable	1,756	2,244
Total measured	119,524	90,440
Unmeasured	37,322	28,241
Total	156,846	118,681

MAZDA MOTORS
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Rod Hayden, sr vp-genl mgr

Marketing Personnel

Duane Bowen, vp-mktg
Robert Parker, vp sales

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Corporate Personnel

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James Trado, sr vp-genl mgr
George McCabe, vp-regional operations

Marketing Personnel

James Weisner, vp-sales & mktg

Advertising Agency

Foote, Cone & Belding, Los Angeles—Welton Mansfield, exec vp-genl mgr; James Arnold, vp-mgt dir; Brad Fogel, vp-natl adv sr acct dir-cars; Steven Morrissey, vp-natl adv acct dir-trucks; Robert MacDonald, vp-media dir; James Barr, exec vp-creative dir; Henry Caroselli, sr vp-creative dir.

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MCA Inc.

RANK **86**

Universal City, Calif.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,441	2,099	16.3
Net income	155	150	3.5
U.S.	**1986**	**1985**	**% chg**
Sales	1,926	1,786	7.8
Operating profits	103	175	(41.4)
Advertising	102	102	(0.0)
Division sales	**1986**	**1985**	**% chg**
Film	1,311	1,169	12.1
Music	386	326	18.4
Retail, mail order	302	296	2.0
Toy products	208	77	170.1

The news of MCA Inc.'s 1986 record revenues was almost overshadowed in July 1987 when the three-week hospitalization of 74-year-old Chairman-CEO Lew Wasserman fueled rumors that the company might be vulnerable to a takeover bid.

MCA stock traded heavily, and the board took measures to thwart a hostile takeover attempt. As of early August, however, Mr. Wasserman—who owns 6.9% of MCA shares and exerts control over another 8.4%—was back at work. Although there is continued speculation about eventual restructuring, MCA was back to making news through its movies, television shows and other products.

MCA reported the highest revenues in the company's history in 1986. Among the strongest moneymakers were a 50% interest in a Toronto-based theater chain, Cineplex Odeon Corp., acquired in May; record-high revenues from the Universal Studios Tour; and a full year's income from the toy products division, acquired in mid-1985. Nevertheless, a disappointing year for MCA's theatrical films and, especially, a shaky television syndication market resulted in lower operating profits than in 1985. Total measured advertising was held constant with 1985 levels.

Filmed Entertainment accounted for 53.7% of the company's total sales, down from 55.7% the previous year. However, the division's operating income dropped precipitously in the two-year period, from 67% of the total in 1985 to 42% in 1986.

Among Universal Pictures' 1986 releases, only "An American Tail" was a strong performer; a November release, it earned $22 million in rentals to domestic theaters by the end of the year. Notable disappointments were "Howard the Duck," which earned $9.8 million in rentals; "Psycho III," at $6.1 million, and "Legal Eagles," at $26.5 million. In comparison, the top earner, Paramount's "Top Gun," pulled in $82 million in rentals last year. The failure of "Howard the Duck," in particular, is thought to have spurred the resignation last September of Frank Price, who headed the motion picture group. He was replaced by Thomas Pollock.

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Universal had a 9% share of the 1986 movie market, putting it behind Paramount (22%), Warner Bros. (12%) and Disney (10%).

A better year is shaping up for 1987, with strong showings so far for "The Secret of My Success," "Dragnet," and "Jaws: The Revenge."

Universal Pictures released 12 films last year, compared to 14 in 1985, and spent less on advertising—$38 million measured spending, down 9.5% from 1985. Ad spending patterns were similar both years. In 1986, new releases received from $2.5 million to $5 million in measured advertising.

Of the television spending, network got 83%, cable 9% and spot 8%.

Problems in the TV syndication market, particularly the bankruptcy filing of Grant Broadcasting, forced MCA Television to increase amortization costs for some series and increase its bad debt reserve, resulting in an approximate $50 million charge against 1986 operating income.

Syndication woes have caused MCA to shift toward producing less costly half-hour, rather than hour-long, programs.

The good news for the company was that "Magnum, P.I." went into syndication last fall; "The A-Team" and "Simon & Simon" will become available in 1987. Last year syndication licensing agreements were signed for "Kate and Allie," an additional season of both "Magnum, P.I." and "Gimme A Break," and additional licensing of the "Universal Pictures Debut Network II" package of theatrical films.

These syndication agreements are expected to produce more than $350 million in future revenues. MCA also signed an agreement last year with Arthur Co. to make its tightly budgeted comedies for the company.

Ad spending by MCA Home Video skyrocketed last year. Measured spending totaled $3.3 million, up from $273,000 in 1985.

In 1986, MCA Home Video offered nearly 100 first-time releases, including "Back to the Future," "Out of Africa," "Mask," "Weird Science," "The Money Pit," "Legend," "Sweet Liberty," "Brazil" and "Marnie." Home video and pay TV brought in $250 million in revenues in 1986, up 4.8%.

MCA's 50% investment in Cineplex Odeon in March 1986 resulted in what the company called substantial earnings. This year an 18-screen Cineplex Odeon complex opened in Los Angeles. The two companies have announced a joint venture to develop a Universal Studios Tour in Orlando, Fla., scheduled to open in 1989. The tour in Universal City produced a record $85 million in revenues last year, 31% higher than in 1985.

The music entertainment division expanded last year with MCA's purchase of Facility Merchandising Inc., Front Line Management and Full Moon Records. In the fourth quarter it entered the radio syndication market by forming MCA Radio Network and acquiring Barnett-Robbins Enterprises, syndicator of six weekly radio programs.

MCA Records continued last year's strong showing as albums by Patti LaBelle, New Edition and Ready for the World attained platinum status (over 1 million sold).

Boston received a triple platinum. The 1985 soundtrack album from MCA TV's program "Miami Vice" received a quadruple platinum (more than 4 million in sales).

The retail and mail order division, which includes Spencer Gifts, Intrigue jewelry stores and A2Z-The Best of Everything shops, rebounded from disappointing years in 1984 and 1985 and showed $15.5 million in operating income, up 10.7% over 1985.

The toy products division, created when MCA acquired LJN Toys in mid-1985, benefited from the continued success of "The World Wrestling Federation" and "Thundercats" products, introduced in 1985, the new "Photon" interactive game line and "Entertech" motorized waterguns. Measured ad spending for the division's first full year reached $10.5 million.

In 1986 LJN bought Grand Toys Ltd., a Canadian toy marketer, making it one of the dozen largest U.S. toy companies in revenue. MCA's toy interests also include a 9% interest in Coleco Industries Inc., acquired early this year to settle a dispute between the two companies over rights to the "King Kong" name.

Revenues in the book publishing division (Putnam Publishing Group) totaled $132 million, down 4.6% from 1985.

The purchase of WOR-TV in Secaucus, N.J., which was in litigation at the end of 1986, has now been completed. In anticipation of owning the station, MCA formed a broadcasting group last year.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,581	1,421
Magazines	3,027	808
Newsp. supp.	20	565
Bus pubs	19	0
Network TV	31,342	38,863
Spot TV	15,052	7,904
Network radio	765	545
Spot radio	4,127	6,419
Outdoor	629	417
Network cable	4,206	3,845
Total measured	60,768	60,786
Unmeasured	40,903	40,915
Total	101,671	101,701

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Corporate Personnel

Lew R. Wasserman, chmn-ceo
Sidney J. Sheinberg, president-coo
Thomas Wertheimer, exec vp

MCA MOTION PICTURE GROUP

Corporate Personnel

Thomas Pollock, chmn
Joseph Fischer, sr vp

UNIVERSAL PICTURES

Marketing Personnel

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Paula Kelley, sr vp
Suzanne Barton, vp, dir-east coast publicity
Nadia Bronson, vp, intl publicity & adv
David Sameth, vp, creative adv & creative dir
Teri Korban-Seide, vp, media & co-op adv
Sally Van Slyke, vp, west coast publicity, promo & ntl field operations

Advertising Agency

DDB Needham Worldwide, Los Angeles—Simon Kornblit, exec vp-genl mgr; Victoria Gilbert, sr vp, dir-media; Sandra Busch, media super; Ann-Marie Whitman, acct super; Laura Lucas, acct exec.

MCA HOME ENTERTAINMENT GROUP

Corporate Personnel

Eugene Giaquinto, president

Marketing Personnel

Jerry Sharell, sr vp-mktg
Craig Relyea, dir adv
Paul McIntire, dir-promo mktg

Advertising Agency

Cavalieri & Kleier Advertising, New York—Ian Kleier, vice chmn-mgmt super; John Cavalieri, chmn-creative dir; Mark Siegfried, acct super.

MCA RECREATION SERVICES

Marketing Personnel

Jay S. Stein, vp-MCA Inc., president-MCA Recreation Services
Gordon Armstrong, exec vp-mktg
Joan Bullard, vp-publicity

Advertising Agency

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SPENCER GIFTS
Atlantic City, N.J.

Corporate Personnel

J. Eugene Brog, chmn
John P. Hacala, president
George R. Ziling, exec vp
S. Gary Stern, exec vp, mail order div
Richard Steinberg, exec vp, retail stores div

Advertising Agency

(In-house)—Edward Israel, adv dir.

MCA MUSIC ENTERTAINMENT GROUP

Corporate Personnel

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MCA RECORDS

Myron Roth, exec vp

Marketing Personnel

Richard Palmese, exec vp-mktg & promo
Larry Solters, sr vp-artist devel
Glen Lajeski, exec dir-mktg admin
Jeff Adamoff, dir-creative svcs
Steve Meyer, sr vp, promo

Advertising Agency

(In-house) Lankershim Advertising

MCA DISTRIBUTING

Corporate Personnel

John Burns, sr vp

MCA CORPORATE PUBLIC RELATIONS

Corporate Personnel

Linda Weitzler, dir

RANK
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McDonald's Corp.

Oak Brook, Ill.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	4,240	3,761	12.7
Net income	480	433	10.9
U.S.	**1986**	**1985**	**% chg**
Sales	3,077	2,864	7.4
Operating profits	808	757	6.7
Advertising	592	550	7.6
Division sales	**1986**	**1985**	**% chg**
Owned restaurants	3,109	2,770	12.2
Franchises	1,037	924	12.2
Other	97	66	47.0

McDonald's Corp.'s history is proof that success breeds success. As its number of stores has steadily grown, its marketing budget has increased, giving it unprecedented clout with media and promotional companies. That budget in turn continues to fuel additional growth.

McDonald's claimed the title as the world's largest foodservice operation years ago, and no competitor has come close to wresting that title from it. Total U.S. sales (from company *and* franchised stores) grew 7.8% to $9.53 billion in 1986. Meanwhile, the industry was growing barely 2% to approximately $46 billion. McDonald's captured a 20.7% share. Figures in the accompanying box represent only company-owned units.

McDonald's boasts the highest per-store sales of any chain. Restaurants open for at least one year took in an average of $1.369 million in 1986, up 5.6% from $1.296 in 1985.

In 1986, the global McDonald's system (comprising company- and franchisee-owned stores as well as joint-venture or "affiliate" stores) spent $789 million on advertising worldwide, a 15% increase over 1985. An estimated $592 million, or 75%, of that budget was spent in U.S.

That U.S. spending estimate is 7.6% above the $550 million estimated spending for 1985, lower than the global percentage increase because of an acceleration in marketing expenditures in foreign markets.

The !986 global marketing budget of $789 million represents 6.3% of systemwide sales, compared with the 6.2% of systemwide sales allocated to marketing during the previous year and the 6% allocated in 1984.

Increasingly, McDonald's media plan has become dominated by its TV presence. In fact, in 1986, McDonald's increased its spending on network and spot TV and cable TV while decreasing its spending on all other measured media (print, spot radio and outdoor).

The only category in which McDonald's spending is increasing faster than in TV is unmeasured marketing, especially sales promotion. The McDonald's system has moved from being an occasional in-store promoter to a nearly constant one. Food items or special premiums now are offered nearly every week, backed by point-of-sale, direct mail or other promotional marketing programs.

Its promotional programs are becoming more grandiose and are receiving more extensive media-advertising backing. In September 1986, McDonald's launched the first fast-food promotion tied to the National Football League, a scratch-card game backed by an estimated $10 million in TV support. In 1987, McDonald's was back with a game linked to the board game Monopoly. Prizes were valued at $40 million, including a grand prize of $1 million.

McDonald's continues to be one of the 10 largest TV advertisers in the U.S. and the largest by far of any restaurant company. The $193 million it spent on network TV in 1986 represented nearly 44% of the $439.4 million spent on TV by all U.S. restaurant companies. It exceeded the combined network TV budgets of the next four chains (Burger King, Kentucky Fried Chicken, Wendy's and Red Lobster).

McDonald's spot TV expenditures of $128.2 million represent "only" 17% of the industry's total spot spending, but still exceed the budgets of Burger King and KFC combined.

The national creative funded by that TV budget is a mixture of "image" advertising (McDonald's motto of "Food, fun and folks") and product/price promotion. The company skillfully alternates between the warm approach of a dad taking his daughter to McDonald's and the hard sell offer of larger fries or free soft drinks with purchase of, say, a Big Mac.

Two commercials stood out in 1987. One, titled "New kid," aired first during the 1987 Super Bowl. It spotlighted an elderly man's first day as a McDonald's counter worker. In addition to being a likable, sentimental commercial, "New kid" also functioned as a gentle recruitment ad.

McDonald's set a precedent for the company in late August when it aired nationally a commercial called "Mac Tonight." The spot, which features a moon-faced character playing a piano atop a giant Big Mac and which targets dinner business, was created by Davis, Johnson, Mogul & Colombatto, Los Angeles, agency for the McDonald's Operators Assn. of Southern California. McDonald's has in the past run nationally local-market creative for promotional efforts such as children's meal premiums. But "Mac Tonight" is believed to be the first mainstream commercial to air nationally that was not created by national agency Leo Burnett USA, Chicago, in the six years Burnett has had the account.

The next step could be the use in the U.S. of a foreign commercial as McDonald's becomes a truly global marketer. In 1986, McDonald's opened its first stores in Argentina, Cuba (on the U.S. Naval base there) and Turkey, bringing to 45 the number of countries in which it is represented. The highest-volume store in the McDonald's empire last year was a Rome outlet that took in nearly $5 million in sales during only 9 months in operation.

McDonald's next targets are the Eastern Bloc countries. By the end of 1987, the company is expected to reach agreement to open its first stores in Yugoslavia, and it continues to negotiate a possible breakthrough in the Soviet Union.

McDonald's already is an international sponsor of amateur competition in gymnastics and swimming and is seeking similar arrangements in other sports, such as soccer.

The chain continues to consider refinements in its menu. In August 1986 it introduced for a limited time a Shanghai Chicken McNuggets variation on its chicken finger foods, followed in fall 1987 with a Mexican variation called Fiesta McNuggets. In test is a chicken version of the McD.L.T. sandwich introduced in 1985, and the company is looking at different formulations of a McPizza product.

The most important new menu item has been packaged salads. Tested regionally for several years, the salads were rolled nationally in May 1987. The salad rollout was part of McDonald's intensified focus on nutrition, a stance that has won it both applause and criticism.

The applause came in the form of quick consumer acceptance of the salads. The criticism was directed to a $12 million-$15 million print campaign launched in January 1987. The print ads, appearing throughout the year in a variety of consumer and medical-trade magazines, discuss the quality of McDonald's foods and how they fit with a balanced diet.

The first criticism of the campaign came from Center for Science in the Public Interest, a Washington, D.C.-based consumer watchdog organization. Calling the ads "misleading" because they contained incomplete information, CSPI called for McDonald's to halt the campaign. It did not.

The attorneys general of California, New York and Texas voiced similar reservations about the nutrition ads, and in April 1987 asked McDonald's to "cease and desist" continued use of the campaign. McDonald's did not halt the campaign, but the focus of its ads changed from nutritional composition of foods to the broader health benefits of its salads.

McDonald's proved it can go on the legal offensive as well. Continuing its history of jealously guarding its exclusive use of the "Mc" prefix for food products, McDonald's in August 1987 filed suit

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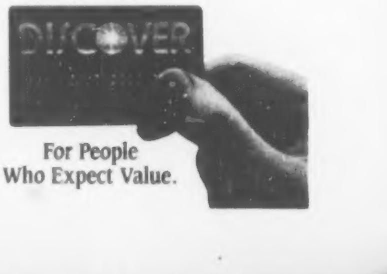

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against Alberto-Culver, Chicago, seeking to halt that company's planned introduction of a butter substitute branded "Molly McButter."

What may be McDonald's marketing move with the most significant long-term ramifications has been the development of close ties with the nation's No. 1 retailer, Sears, Roebuck & Co. The two first joined for a Christmas 1986 promotion that offered a stocking bearing the likeness of a character from Steven Spielberg's animated film "An American Tail" and a reduced-price coupon for Sears toys tied to the same film.

The McDonald's-Sears bond deepened in 1987 with a new joint venture: a "McKids" line of apparel available only at Sears and carrying the unmistakable McDonald's "Golden Arches" logo. That venture could blossom in apparel for teens and adults as well, and may become a standalone retail chain of its own in coming years.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	609	892
Bus pubs	0	7
Network TV	193,002	184,882
Spot TV	128,180	118,046
Network radio	0	195
Spot radio	4,654	5,412
Outdoor	5,544	6,914
Network cable	1,820	1,425
Total measured	333,808	317,773
Unmeasured	258,192	232,227
Total	592,000	550,000

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Ronald W. Miessler, vp-comm svcs
Richard G. Starmann, vp-comm
Laurie Grace, asst vp, dir-media
Jim Rand, asst vp, dir-mktg svcs
Thomas A. Gruber, vp-intl mktg
Charles L. Rubner, asst vp-comm
Emil Terri, asst vp-mktg & media svcs
Dean Barrett, dir-natl mktg
Ken Barun, exec dir-Ronald McDonald Children's Charities
David Dandurand, dir-sports mktg
Chuck Ebeling, dir-corp comm
Court Kenaston, dir-field mktg
Linda Kravitz, dir-youth mktg
Don Lorr, dir-mktg rsch
Jerry Powers, dir-mktg svcs
Stephanie Skurdy, dir-media relations
Vic Trela, dir-new prods mktg

Advertising Agencies

Leo Burnett USA, Chicago—Jim Shymkus, exec vp-McDonald's; Linda Wolf, Jerry Conner, sr vps-acct dirs; Barry Krause, vp-acct super, adults, sports; Deborah Stowe, acct super, adult nutrition; Kathy Warman, acct super, field nutrition; Ann Kramer, acct super, youth recruiting; Susan Farrend, acct super, field reputation; David Heggen, Tom Claggett, acct supers, field nutrition comp; Tom Roth, acct super, new prods, intl.

Burrell Advertising, Chicago—Black consumer mktg—Alan Dinwiddie, vp-acct dir; Barbara Jackson, acct super; Robert Jackson, acct exec; Deborah Swain, asst acct exec.

Conill Advertising, New York—Hispanic consumer mktg—Charles McGee, acct super.

Frankel & Co., Chicago—sales promo—James Mack, vp-acct dir; Roger Lipker, acct dir-sports mktg; Robert Schneider, acct dir-youth mktg; Rick Bollinger, acct dir-adult mktg.

RANK
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Mobil Corp.

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	49,865	60,609	(17.7)
Net income	1,407	1,040	35.3
U.S.	**1986**	**1985**	**% chg**
Sales	18,717	23,594	(20.7)
Earnings	514	942	(45.4)
Advertising	168	195	(14.1)
Division sales	**1986**	**1985**	**% chg**
U.S. petroleum	12,085	16,052	(24.7)
Foreign petroleum	30,088	35,586	(15.4)
Chemical	2,553	2,457	3.9
Retail merch.	5,065	6,073	(16.6)

The two big advertising divisions at Mobil Corp.—Mobil Chemical and retail merchandise (Montgomery Ward)—each reported earnings increases of more than 150% in 1986 over 1985. At the same time, aggregate ad spending for the parent dropped 14.1% in 1986.

Mobil Chemical earnings, the division's highest ever, were up 164% in 1986 as sales of premium petrochemical products, especially poleythylene and polystyrene resins, rose 70% last year.

Mobil has developed a more resilient resin for plastic grocery sacks, as well as a high-quality resin for blow-molding plastic bottles for household detergents, automotive lubricants and other products. It is the market leader in plastic grocery sacks. With more supermarkets switching from paper bags to plastic sacks, sales of the sacks rose 31% in 1986, the company says. Sales of Mobil's Hefty brand drawstring trash bag, the Cinch Sak, grew 37% in 1986. The drawstring closing also was added to other Mobil brands, including Hefty Steel Sak, Lawn & Leaf bags and medium-size trash bags, and the Kordite housewares brand. Wells, Rich, Greene, New York, created a TV campaign themed, "Hefty Hefty Hefty—Wimpy Wimpy Wimpy," for the Hefty brand in 1986. The company spent $10.8 million in measured media—mostly network and spot TV—advertising Hefty products, down 30.8% from 1985 for the line that includes garbage, kitchen, trash and diaper disposal bags.

Mobil's Baggies brand twist-tie plastic bags are the overall food storage bag market leader, with about 35% of the plastic storage bag market. Dow Chemical's Ziploc brands hold about 20% of market. Only $883,100 was spent, all on spot TV, in advertising Baggies in measured media, compared with virtually nothing in 1985.

Hefty brand disposable foam-plates, with a sales gain of 12% in 1986, lead the disposable foam-plate market. Further expansions are planned this year, the company says.

Chicago-based Montgomery Ward retail division, the ninth-largest U.S. retailer, benefiting from its 1985 restructuring, reported its earnings soared 152% in 1986, to a level that equaled its 1978 returns, previously its best performance.

In 1985, Mobil announced it planned to spin off Montgomery Ward as a separate company, and began restructuring the retail unit to that end. However, Montgomery Ward's status under the Mobil umbrella did not change in 1986 or so far in 1987. In 1986, the restructuring contributed a 21% reduction in work force, a 24% cut in administrative overhead and a 21% cut in inventory levels. MW's restructuring included the closing and/or sale of its Jefferson Ward discount chain in the Southeast, shutdown of 25 unprofitable MW stores and closing its 113-year-old Montgomery Ward catalog operations.

In March 1986 MW began converting 116 stores (40% of its 290 stores nationwide) into specialty stores. Under the banner "Seven Worlds of Ward's," the stores concentrate on seven core businesses—apparel, appliances, electronics, automotive, homecare, home furnishings and recreation—in seven separate areas under one roof. Not every store, however, houses all seven product categories.

Ward's also scaled back or eliminated product lines, especially in the recreation, leisure and homecare segments. Those lines accounted for $250 million, or 6%, of the company's total sales in 1985. This helped contribute to a 16.6% drop in division sales in 1986.

Advertising for the retail chain was restructured as well, from a broad-based national campaign to specialty efforts in local markets. Young & Rubicam's Chicago office handles the $10 million account; Ward's does its own print advertising in-house. Ads focus on Ward's service and merchandise values in local markets.

Last year the company signed a deal with Toys 'R' Us, a 236-store chain, to open joint stores around the country, the first in Gaithersburg, Md. Also, Ward signed National Car Rental, Minneapolis, to open rental counters in several Ward automotive care centers in the West. The moves were meant to fill retail space left unused when Ward dropped product lines and categories or closed stores altogether.

The bottom fell out of MW's measured media budget, as only a $3.[illegible]lion made its way into national measured media compared with $9.3 million in 1985.

Mobil spent $47 million last year to update its gasoline service stations in the Northeast, where it owns or operates about 1,000 stations. New high-speed pumps were added, and fully-automated Automatic Teller Machines were installed in 3,600 U.S. locations. The point-of-sale terminals electronically process debit and credit-card transactions. They also are available in Mobil stations throughout Europe, Australia and the Far East.

Overall, Mobil reduced its number of gas stations worldwide by 6% in 1986, while increasing sales per outlet by 21%.

Sales of more profitable fuels—gasoline, diesel and jet fuel—have continued to rise. Sales of Mobil Super-Unleaded gasoline rose 46% last year, and newly formulated premium gasolines were launched in 10 countries, including the U.S., France and Australia.

The company spent $7.4 million in measured advertising on Petro gasoline, equal to expenditures in 1985, and $6.3 million on Mobil 1 Motor Oil, down 4.5%.

Mobil also continued its 15-year campaign of "advertorials" on op-ed pages of nine major market newspapers. Herbert Schmertz, VP-public affairs, says the company spends about $4 million on these annually. The ads are written in-house and placed through DDB Needham, New York, Mobil's main agency.

Mobil continues to sponsor public television's "Masterpiece Theater," as well as the record-setting around-the-world flight of the Voyager aircraft. Mobil's biggest plug came when the Voyager landed last December, and NBC's video feed carried the superimposed words "Courtesy of Mobil Oil."

Annual earnings included a charge of $150 million on the sale of the paperboard packaging division, Container Corp. of America in 1986. In 1985, Mobil charged to earnings $508 million for the restructuring of Montgomery Ward. Mobil reduced its heavy debt by $1.1 billion with proceeds from the sale of Container Corp. in July 1986. Also gained was $800 million from the sale of other assets, bringing to $3 billion the proceeds from selling assets in the past two years. Two-thirds of the debt incurred in 1984, when Mobil purchased Superior Oil, has been paid off.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	7,912	7,668
Magazines	3,957	7,390
Newsp. supp.	415	362
Bus pubs	2,564	2,625
Farm pubs	265	487
Network TV	10,619	12,865
Spot TV	16,285	22,839
Network radio	90	60
Spot radio	9,598	5,320
Outdoor	66	347
Network cable	1,103	1,574
Total measured	52,874	61,536
Unmeasured	114,903	133,726
Total	167,777	195,262

MOBIL CORP.
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MARKETING & REFINING DIVISION

Herbert Schmertz, vp-public affairs

MOBIL OIL CORP.

Marketing Personnel

Joe L. Cooper, exec vp, U.S. mktg & refining

MOBIL CHEMICAL CORP.

Marketing Personnel

Robert G. Weeks, president

MONTGOMERY WARD & CO.
Chicago

Marketing Personnel

Bernard F. Brennan, chmn-ceo-president
Jack Daynard, sr vp-mktg

Advertising Agency

DDB Needham Worldwide, New York—Mobil Oil Corp.; Mobil One motor lubricants—Larry Iammuzzelli, exec vp-acct super.

Young & Rubicam, Chicago—Montgomery Ward & Co.—Tom Perlitz, sr vp-asst genl mgr; Mike Bennett, vp-mgmt super.

RANK
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Monsanto Co.

St. Louis

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	6,879	6,747	2.0
Net income	433	(98)	541.8
U.S.	**1986**	**1985**	**% chg**
Sales	4,638	4,794	(3.3)
Operating profits	506	(784)	164.5
Advertising	89	86	2.8
Division sales	**1986**	**1985**	**% chg**
Chemicals	3,548	4,051	(12.4)
Agri. prods.	1,153	1,152	0.1
Electronics	154	137	12.4
Fisher controls	645	652	(1.1)
NutraSweet	711	317	124.3
Pharmaceuticals	665	262	153.8
Oil & gas	N/A	172	N/A
Other	3	4	(25.0)

Monsanto kept its promise of a better 'Year to Come' in 1986 following one of the most sweeping strategic repositionings ever of a major corporation in 1985.

The St. Louis-based company, which moved boldly into markets for sweeteners and prescription pharmaceuticals with the $2.75 billion acquisition of Skokie, Ill.-based G.D. Searle in July 1985, continued to reduce its reliance on the highly cyclical commodity-type chemicals, plastics and man-made fibers businesses.

Monsanto stated its advertising costs at $198 million worldwide for the calendar year, up 51% over 1985. The 1986 spending figure was up 108% over 1984, the last full year prior to the Searle acquisition. Monsanto's totals include all spending for media, research, agency work and salaries. AD AGE's estimates the company spent $88.6 million alone in measured media and unmeasured forms of advertising in the U.S., up 3% over 1985.

Monsanto's measured spending for the seven BAR/LNA media in 1986 fell to $48 million, down 8% from 1985, as the company decreased spending on brand awareness campaigns for the aspartame-based sweetener marketed under the brand name NutraSweet.

NutraSweet still accounted for the largest share of measured spending, with $24.6 million in seven-media measured totals in 1986, down 13% from 1985. Network TV took 89% of the NutraSweet spending, according to BAR/LNA. NutraSweet comprised 51% of Monsanto's measured seven media total.

Monsanto focused more heavily in 1986 on promoting the aspartame-based tabletop sweetener marketed under the Equal brand name. Equal received $16.2 million in measured spending for seven-media, up 67% over 1985, according to BAR/LNA. Equal's spending was largely in network TV (82%) and network radio (17%), and accounted for 33% of Monsanto's seven-media total.

Ogilvy & Mather, New York, was awarded the Equal account in August 1987, replacing an assortment of agencies handling various aspects of the account. O&M-Chicago continues as the incumbent agency for NutraSweet.

In the six years since the introduction of aspartame, sales of NutraSweet have gone from zero to more than $700 million in 1986. The product was first approved for use in dry products in 1981, and in diet carbonated beverages in 1983, a market it has literally revolutionized.

In 1987, the U.S. Food & Drug Administration approved the use of NutraSweet as an additive in four new categories. In juices and frozen novelties, FDA approved joint petitions by Coca-Cola Foods division of Coca-Cola Co., and the Tropicana Products division of Beatrice Cos. FDA also approved the use of aspar-

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tame in ready-to-drink teas, following a petition by the Thomas J. Lipton Co. Shaklee Corp.'s petition was approved for breath mints.

The four new markets have total annual commercial sales of about $6 million, according to Robert B. Shapiro, chairman-ceo of Monsanto's NutraSweet unit. Currently, some 130 products in the U.S. and hundreds more around the world are sweetened by aspartame.

Analysts and a NutraSweet spokesman say that getting approval now for as many products as possible is important to NutraSweet Co., the only U.S. producer of aspartame. The aspartame patent in the U.S. expires in 1992, and each new approval gives it a head start, contracts, and business ties with major food and beverage producers before potential rivals can enter the field.

Monsanto also had significant spending for its Lasso and Roundup herbicides in 1986, promoting price cuts, new product mixes, and an economic message about better yields to gain market share among corn farmers. The depressed farm economy and uncertainty about acreage that will be planted in the U.S. as a result of set-aside programs announced in 1986 caused a drop in herbicide sales. However, international sales of Monsanto's herbicides were brisk.

Monsanto's spot TV spending for Lasso was $3.4 million in 1986, up 47%. Roundup received $1.7 million in measured spot TV for the year, up 5%. Bronco and Landmaster herbicides received a combined $600,000 in measured spot tv in 1986, up 11%. These products received support in farm publications, which as a medium was down 24% to $5.5 million in 1986. Farm spending supplied by AGRICOM does not include brand spending.

Combined spending for Monsanto's wear-dated fibers for apparel and home markets recorded a measured $700,000 in 1986, down 58% from 1985 levels. Seven-media measured spending for Monsanto carpet fibers was $1.1 million in 1986, down 41%.

Monsanto's restructure involved divesting numerous low-return, non-strategic businesses and assets beginning in 1985 and continuing in 1986. Monsanto also reduced employment by nearly 2,400 in 1986 through an early retirement program. The company took an operating loss in 1985, based on a net restructuring expense of nearly $1 billion.

Included in Monsanto's 1986 operating income was $160 million in restructuring income related to the sale of a petrochemicals facility and products in Texas City, Texas.

Two factors also affected comparisons between 1985 and 1986. Net sales of divested products were included only in 1985 operating income. Second, sales from the Searle and NutraSweet businesses were included only for the final five months of 1985, versus a full 12 months during 1986.

As a result, Monsanto's real sales volume in 1986 increased by 3%.

Monsanto also announced in May 1986 the appointment of Earle H. Harbison Jr. as president-chief operating officer. Mr. Harbison, a vice-chairman in charge of the G.D. Searle and NutraSweet subsidiaries, succeeded Francis J. Fitzgerald, who died a month after taking office.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	380	203
Magazines	3,723	4,191
Newsp. supp	61	84
Bus. pubs	2,639	2,012
Farm pubs	5,501	7,234
Network TV	35,217	33,022
Spot TV	6,142	5,779
Network radio	3,133	2,895
Spot radio	1,428	1,230
Outdoor	21	30
Network cable	318	265
Total measured	58,563	56,942
Unmeasured	30,098	29,265
Total	88,660	86,206

MONSANTO CO.
800 N. Lindbergh Blvd.
St. Louis, Mo. 63167
(314) 694-1000

Corporate Personnel

David L. Sliney, corp vp-mktg

MONSANTO AGRICULTURAL CO.
St. Louis, Mo.

Marketing Personnel

Nicholas L. Reding, president, exec vp
Robert W. Reynolds, vp-N.A. Div-Roundup, Lasso
Lee Miller, vp, animal sciences
Lyman H. Johnson, mgr-comm, animal sciences
Jerry L. Neff, dir, row crops-Lasso
Ted Ziemann, dir, small grains
J. Rick Darnaby, dir, industrial/residential
Arnold W. Donald, dir, specialty crops
M. James Robertson, dir-mktg comm, Lasso
Charles S. Crivello, dir-mktg comm, Roundup

Advertising Agency

Muller Jordan Weiss, St. Louis—Ruth McKinney, sr vp-genrl mgr; Christopher Vincent, acct super; Steve Zirkle, acct exec. New York-John Jordan, ceo; George Handley, acct super.

MONSANTO CHEMICAL CO.
St. Louis, Mo.

Marketing Personnel

Robert G. Potter, president
David L. Sliney, vp-mktg
Joan Cornwall, dir-mktg comm

Advertising Agency

Muller Jordan Weiss, St. Louis—Ruth McKinney, sr vp-genl mgr; Steve Zirkle, Scott Meyer, acct execs.

MONSANTO ELECTRONIC MATERIALS CO.
Palo Alto, Calif.

Roger McDaniel, vp-intl mktg
Haskell Waddele, vp-commercial mktg
Richard C. Brown, dir-comm

Advertising Agency

(In-house).

FISHER CONTROLS INTL.
Clayton, Mo.

Marketing Personnel

Claes Hultman, group vp-worldwide sales
Gary Brown, dir-mktg

Advertising Agency

(In-house).

G.D. SEARLE & CO.

Marketing Personnel

Sheldon G. Gilgore, M.D., chmn-president-ceo
William I. Greener, sr vp-public affairs
Grant W. Denison Jr., vp-mktg, planning, strategic devel

Advertising Agency

William Douglas McAdams Inc., New York—Eugene Fine, sr vp-acct super.

NUTRASWEET CO.
Skokie, Ill.

Marketing Personnel

James D. Morales, exec vp-coo
William Wolfield, vp-mktg

Advertising Agencies

Ogilvy & Mather, New York—Equal—David Warden, sr vp-group dir; Mark Greene, vp-mgmt super; Marc Kravitz, acct exec.

Ogilvy & Mather, Chicago—NutraSweet—Ian Miller, sr vp-group dir, NutraSweet U.S. & worldwide. NutraSweet U.S.-Barbara Elmendorf, vp-mgmt super; Jim Mitchel, acct super; Charles Day, acct exec. NutraSweet International-Jack Giroux, vp-mgmt super; Ann Rother, acct super; Evelyn Moore, acct super-new prods; Tim Koelzer, asst acct exec.

RANK **30**

Nestle S.A.

Vevey, Switzerland

($ in millions)

Worldwide	1986	1985	% chg
Sales	21,900	24,300	9.9
U.S. advertising	305	319	(4.3)

The precipitous decline in the value of the U.S. dollar and the collapse of coffee prices were two major developments that forced Nestle SA's to re-evaluate its international and U.S. marketing approach and to streamline its operations, particularly its U.S. units, Nestle Enterprises and Carnation Co.

Nestle SA in March 1986 began serious consideration of a worldwide agency fee system to replace commissions. A year after that proposition, Carnation slashed its commissions to agencies by 2-3 percentage points. The consideration of a fee compensation system was prompted partly by Nestle's new emphasis on marketing, which the company believed had begun to lean more toward promotion rather than brand-building advertising.

Says Camille Pagano, exec VP-products and marketing at the Vevey, Switzerland, headquarters, "We were getting too bureaucratic, forgetting we were a consumer goods company and that marketing—branding—is really the engine of our business."

Although 1986 sales figures have not been reported by privately-held Nestle, its worldwide sales in 1985 were up 35%, largely because of its acquisition of Carnation. One-third of Nestle's sales are from the U.S., according to the company,

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but the recent drop in the value of the dollar has caused the bulk of profits to come from European operations. Worldwide sales in 1985 were 42 billion Swiss francs ($21.9 billion in U.S. dollars as of May 1986 using exchange rate 1SF = $0.52). It is estimated that Nestle SA sales in 1986 were down 9.9% because of low exchange rates. Profits in 1986 increased by an estimated 2.2%.

In May 1986, Nestle managing director Helmut Maucher took on direct line responsibilities for the company's North American operations and restructured the reporting system from a four-man executive committee to seven senior VPs reporting to him.

Carnation, acquired by Nestle in 1985, posted a profit of $200 million in 1986, up 5% from the previous year. Its cost-conscious parent, however, moved to hike that figure by cutting the "fat" at Carnation, including company personnel and agency commissions. In July 1986, Carnation trimmed its staff by as much as 10%, eliminating nearly 100 positions.

Less than a year later, Carnation cut its ad agency commissions to 12-13% from 15%. The major commissioned agencies affected were FCB, Los Angeles, SSC&B:Lintas Worldwide, New York, and Dailey & Associates, Los Angeles.

Nestle had a brush with ad agency merger-mania in 1986, when in late October Saatchi & Saatchi, London, resigned $5.6 million in overseas billings for Carnation pet foods business as a result of pressure from S&S client Mars Inc. Mars maintained that a conflict existed after Saatchi's acquisition of Ted Bates, a primary agency for Hackettstown, N.J.-based M&M/Mars.

Nestle began a no-holds-barred battle in the decaffeinated coffee segment in 1986, with new spots for its Taster's Choice line, via HBM/Creamer, Pittsburgh, and for Nescafe Decaf via McCann-Erickson. Both campaigns were brought before the National Advertising Division of the Better Business Bureau. The latter spots—which claimed Nestle used an exclusive Swiss patented process to decaffeinate Nescafe—were dropped, but the Taster's Choice spots had more significant repercussions.

These spots, which claimed only Nestle coffee brands, Taster's Choice and Nescafe Decaf, were naturally decaffeinated, were challenged by decaf competitors General Foods and Procter & Gamble. GF, the leading decaf marketer with a 9.5% share for its Sanka brand, brought the issue before the networks, who asked Nestle to delete mention of Sanka from the ads.

GF then countered with its own Sanka spots, via Young & Rubicam, New York, which featured a woman saying, "They say decaffeinated coffee is good for you. Then they turn around and get you wondering about the way it's decaffeinated. Well, the people who make Sanka want you to know you can enjoy cup after cup of Sanka without a drop of worry." The spots end with a woman talking about GF's natural decaffeination process and commenting, "Now, what are they gonna say about that?"

Nestle's Nescafe Decaf finished 1986 with a 2.1% share of market and Taster's Choice Decaf with 6.2%, according to John C. Maxwell Jr., analyst with Furman Selz Majer Dietz & Birney, New York. P&G's Folger's Decaf came in with a 3% share, and its High Point had a comparable share.

Overall, Nestle had a 26.8% share of the instant coffee market, well ahead of P&G's 19.5%, but trailing Rye Brook, N.Y.-based GF's 42.6% share. In regular coffees, GF also led in 1986 with a 37.8% overall share, as compared to Nestle's 8.6% for its Hills Bros. brand. P&G's regular coffee share in 1986 for Folger's was 27.5%.

Nestle spent $4.8 million in measured media on its Nescafe line, substantially down from $13.0 million the prior year. Nestle's spending, measured at $18 million in 1985 for Taster's Choice, was also down to $12 million, according to BAR/LNA.

Nestle's Hills Bros. was merged with its San Francisco-based MJB Coffee unit in March 1986. Hills Bros. support, at $3 million in measured spending, was the same as in 1985. Cohen & Johnson, Los Angeles, handles. Hal Riney & Partners handles MJB, which was supported with $3.7 million in measured spending, up 48%. Nestle also added a Nescafe Mountain Blend variety to its Nescafe instant line. The brand is supported only by couponing, which is handled in-house.

A busy new product arena for Nestle in 1986 was the frozen novelty segment, where its Carnation unit spent an estimated $40 million to introduce four products. Heaven Bars and a separate product, Heaven Sundaes, were moved national from 35% U.S. distribution. Advertising, from FCB, Los Angeles, broke in May. Measured 1986 spending was only $1.1 million, but still much higher than the $622,000 spent in 1985.

The company also introduced Fruit Scoops, a chocolate-covered, bite-sized fruit ice nugget, and Berry Swirl Bars, stick-held premium ice cream with fruit swirls. Bon Bons, Caranation's success story in this category in 1985, was supported with $4.8 million in measured media in 1986, up 129%.

Nestle Enterprises also rolled out its Premium Ice Cream bars, capitalizing on the success of its premium chocolate lines. The ice cream bars are covered in white, milk or semi-sweet chocolate. The company says it will support the product with a $15 million budget. HBM/Creamer handles.

In the $8 billion candy market, Nestle rode the gourmet trend toward adult chocolate consumption with several approaches, including Henri Nestle, a premium line of bagged chocolates wrapped in gold foil, tested in San Francisco. Local TV spots and magazine ads supported, with $614,800 in measured spending. J. Walter Thompson USA, the agency whose 1985 "Sweet Dreams" campaign for Nestle's Alpine White chocolate achieved critical acclaim, handles.

Nestle runs a close race with Cadbury for the third-ranking position in chocolates, but Hershey Co. and M&M/Mars continued their stranglehold on the market in 1986, together owning half of the category. Nestle's chocolate bar spending rose to $13.6 million in 1986, up 27.1%.

The company's Chicago-based Nestle Confections unit made strides to tap a new candy market in 1986—the video rental industry. With a new program, the company targeted the video rental market by offering three of its best-selling theater brands—Goober's, Raisinets and Nestle Crunch—for sale at video concessions. Support included ads on "Coming Attractions" posters distributed to video stores by an industry magazine called *Coming Attractions*.

Although Nestle has long been selling chocolate chips for baking, in early 1987 the company began expanding that business with a frozen cookie dough under the Nestle Toll House label. The dough, in tests in Boston, Denver and Indianapolis, is made with real butter and is premium-priced. Made in pre-formed pieces, the cookies can be baked one or two at a time. Flavors include Toll House chocolate chip, double chocolate chip, peanut chip and oatmeal-raisin. JWT, New York, handles the spot TV, couponing and print campaign.

Nestle also has been expanding its baking morsel line with a mint-chocolate variety and, in 1987, a line of premium baking bits called Toll House Treasures. The Treasures line includes semi-sweet, milk chocolate and white varieties. Direct mail and coupon mailings are scheduled for late 1987, also handled by JWT.

Scandal hit Nestle's Beech-Nut Nutrition in November 1986 as two execs of the Fort Washington, Pa.-based unit were indicted by a federal grand jury in Brooklyn, N.Y., for conspiring to sell adulterated apple juice for infants. Niels Hoyvald, Beech-Nut president-ceo and John Lavery, VP-manufacturing at the company's Canajoharie, N.Y., plant were indicted for allegedly "trying to minimize a potential loss of $3.5 million" by delaying market withdrawal of the juice, made of various sugars, colorings and apple flavor rather than pure juice.

Ironically, Beech-Nut's advertising theme line at the time, created by agency-of-record Sherwood & Schneider, New York, was "Quality is our main ingredient." Beech-Nut, second runner in baby foods to Gerber Products Co., Fremont, Mich., was supported with $3.6 million in measured spending, down 5.3%.

In capitalizing on the trend toward fruit-flavored beverages, Nestle expanded its iced tea line with Nestea Ice Teasers, a cross between powdered soft drinks and iced tea, pitting it against General Foods' Crystal Light and Unilever's T.J. Lipton unit, both of whom introduced fruit teas at the same time. Nestle's introductory spending on the line, via JWT, was $8 million in 1985.

By 1987, however, the fruit tea market flattened out to $48 million—about half of what had been expected by Lipton. Although Ice Teasers took the No. 1 spot in fruit teas, with about 50% of the segment, it spent more heavily than the other players. Nestle spent $5 million on Ice Teasers in 1986, more than double Lipton's $2.4 million and GF's $1.7 million. Comparatively, Nestle's iced tea spending in 1986 was only $1.4 million.

In pet foods, Carnation's overall share in 1985 was 12.2%, up from 11.9% in 1985 and second only to Ralston Purina Co.'s 26.9%, according to Mr. Maxwell. Friskies Buffet was the third largest cat food brand by sales, followed by Carnation's Fancy Feast. Its dry Friskies brand ranked third behind Ralston's Cat Chow and Meow Mix, and Chef's Blend came in seventh. In dry dog foods, Carnation's Come 'N Get It, supported with less than $350,000 in 1986, nonetheless ranked sixth in sales, behind three Ralston brands, Gaines' Gravy Train and Grand Met USA's Alpo. In canned dog food, Mighty Dog came in third behind Alpo and Mars' Kal Kan.

Fancy Feast canned and Mighty Dog canned dog food were the biggest spenders in the Nestle pet food line-up in 1986, with $6.9 million and $5.8 million in measured media, respectively. Friskies dry cat food came in a close third with $5.7 million.

In September, 1986, Nestle moved its Juicy Juice fruit juice line, billing $4 million, to the Bloom Agency, New York, from Tatham-Laird & Kudner, Chicago. TLK resigned the account to pick up Del Monte's Hawaiian Punch, billing $8.5 million.

Libby, McNeil & Libby's produce products division was acquired in April 1986 by Len Judy, former Libby president, and other management at Chicago-based Libby. The line sold, including Salad Crunchies, Vegetable Batter and Stir Fry mix, was handled by Bloom Agency, Dallas, but was supported only minimally. Combined measured spending for the Libby's line of canned beans, pasta, salmon, meats and pumpkin still held by Nestle was $3 million in 1986, up 20% from the prior year.

Stouffer Foods, known primarily for single-dish frozen foods, expanded its line with Dinner Supreme, an eight-item line of entrees. In the overall frozen segment, Stouffer led the category with a 25% share for all its brands. Campbell Soup Co. held a close second with 22%, and ConAgra was third with 14.9% share. Stouffer's Dinner Supreme was supported with $3.1 million in measured media in 1986, while its frozen side dishes received $3.7 million. Lean Cuisine, its low-calorie frozen entrees, was backed by $13 million, up 8.3%.

Lean Cuisine, which was a runaway success in the low-calorie segment, has lately come under the gun from rival Heinz' Weight Watchers line. Weight Watchers has been inching up on Lean Cuisine's 13% share of the $3.7 billion single-dish frozen dinner category. Through 46 consecutive monthly share gains, Weight Watchers, which was once outsold three-to-one by Lean Cuisine, trailed its Solon, Ohio-based rival by only two share points by July 1987. Weight Watchers' advertising, themed "More Satisfaction," is handled by HBM/Creamer, Pittsburgh, also the Dinner Supreme agency.

Stouffer Hotels in February 1987 spent about half its annual budget on weather-related media buys in a new strategy. The $6 million account is handled by Wyse Advertising, Cleveland. The spots broke on cable's the Weather Channel, Cable News Network and on NBC-TV's "Before Hours" early morning news and weather show. Print buys included the *Wall Street Journal* and *USA Today*.

USA Today became a prime ad vehicle for Nestle Enterprises, when, in 1986, it contracted for exclusive sponsorship of that paper's weather page. The 255-ad, one-year package—a deal estimated at between $3.5-$4 million—was the largest single contract made by the Rosslyn, Va.-based Gannett paper. Nestle's food products were featured four times weekly, and Stouffer Hotels once a week.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,110	1,250
Magazines	21,715	21,777
Newsp. supp.	148	771
Bus. pubs.	1,096	2,976
Farm pubs.	0	303
Network TV	88,131	76,754
Spot TV	40,913	54,327
Network radio	3,171	4,004
Spot radio	1,537	3,615
Outdoor	611	78
Network cable	3,505	3,400
Total measured	161,936	169,254
Unmeasured	143,514	150,000
Total	305,451	319,254

NESTLE ENTERPRISES

100 Manhattanville Rd.
Purchase, N.Y. 10577
(914) 251-3000

Marketing Personnel

B.E. Gensamer, sr vp-mktg & strategic planning

Advertising Agencies

Bloom Agency, New York—Juicy Juice—Kay Fowler, acct exec.

HBM/Creamer, Pittsburgh—Taster's Choice—Eric Fischer, mgmt super; Kitty Hillman, acct super; Deborah Ioli, Ken Spahn; acct execs.

Jordan, McGrath, Case & Taylor, New York—Crunch bar and Crunch ice cream bar, Bit-O-Honey, Goobers, Raisinets, $100,000 bar, Nestle hot cocoa mix—Jack Taylor, exec vp; Stephen Badenhop, Tom Magnus, acct supers; Laurie Rossman, Dara McGrath, acct execs.

McCann-Erickson, New York—Nescafe—Peter Heinz, vp-group mgmt dir; Dennis Jordan, acct super; Sylvia McCarthy, acct exec. Quik—Peter Heinz, vp-group mgmt dir; Mike Mainthow, mgmt dir; Richard Roberts, acct super.

J. Walter Thompson USA, New York—Nestea instant tea and tea bags, Nestea Ice Teasers, Nestle chocolate bars, Alpine white bar, Chunky, O Henry! bars—Steve Dworin, sr vp-mgmt super; Bill Gross, vp-acct dir; John Mittnacht, vp-acct super; Judi Francis, sr acct super. Nestle Toll House morsels, Toll House ready-to-bake cookies—Steve Dworin, sr vp-mgmt super; Eileen Laymon, vp-acct dir; Esther Lee, acct super.

BEECH-NUT NUTRITION CORP.

Fort Washington, Pa.

Marketing Personnel

Joe Goeto, vp-mktg
Robert Bartz, dir-new business
Marian Ferreri, mgr-consumer svcs

Advertising Agency

Sherwood & Schneider, New York—Marv Schneider, chmn-ceo; Lew Sherwood, president.

CARNATION CO.

Los Angeles, Calif.

Marketing Personnel

John McMennamin, vp-mktg svcs
A.W. Fox, media dir
J.R. Richards, production & promo dir
J. Davidson, art dir
Z. Trujillo, art dir

GROCERY PRODUCT DIVISION

Marketing Personnel

Al Piergallini, vp-PetCare div
Miguel Osborne, dir-SIS
H.R. Chamberlin, dir-new prod devel

INSTANT/EVAPORATED MILK

Corporate Personnel

John Harris, asst genl mgr

CONTADINA/LIBBY DIVISION

Chicago

Corporate Personnel

Jim Dintamin, sr vp
Gene Boykins, group prod mgr

FOODSERVICE

Marketing Personnel

Carl Dienst, dir
Bob Miller, assoc dir

SPECIALTY FOODS

Marketing Personnel

Glynn Morris, vp

Advertising Agencies

Bloom Cos., Dallas—canned juices & drinks, canned pumpkin, canned meats, nectar prods, produce prods, Cross & Blackwell specialty prods, new prods—Kay Fowler, acct exec.

Dailey & Associates, Los Angeles—Evaporated Milk, promo adv—Linda Krakowsky, acct super; Caroline Kondo, acct exec.

Foote, Cone & Belding, Los Angeles—Fancy Feast canned cat food—Bill McCann, vp-group mgmt dir; Melissa Russell, mgmt dir; Trish

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June, acct exec. Specialty foods (Bon Bons, Heaven bars and sundaes, Berry Swirl, Fruit Scoops)—Bill McCann, group mgmt dir; Craig Silver, Betsy Salzman, acct dirs; Instant prods (Do-It-Yourself Diet)—Bill McCann, group mgmt dir. Dairies div (Creme Delights)—Bill McCann, group mgmt dir; Melissa Russell, mgmt dir.

SSC&B, New York—pet food—Terry Rosenquist, exec vp; Russ Shaffer, mgmt super; Russal Nype, Terry Nicholas, Anna Koules, acct execs. Instant/Contadina foods—Terry Rosenquist, exec vp; Russ Shaffer, mgmt super; Helen Blohm, acct super; Debra Burke, acct exec.

HILLS BROS.
San Francisco, Calif.
Marketing Personnel

Barry Reis, vp-mktg

Advertising Agency

Cohen & Johnson, Los Angeles—Paula McSpadden, acct super.

STOUFFER FOODS CORP.
Solon, Ohio
Marketing Personnel

David Jennings, president
Gerald V. DeCroce, vp-mktg
Jeff Peck, natl sales mgr
Mark Hannay, mktg mgr-side dishes
Richard B. Annett, mktg mgr-Lean Cuisine
Michael Audette, mktg mgr-new ventures
Chris Lutjen, mktg mgr-pizza
Bill Biggar, mktg mgr-Dinner Supreme

Advertising Agency

HBM/Creamer, Pittsburgh—Lean Cuisine—John O'Leary, sr vp; Rick Radermacher, acct super; Greg Campana, Rick Corcoran, acct execs. Entrees/side dishes—Tim Barr, acct super; Beth Beazley, acct exec. Dinner Supreme—Richard Grinberg, sr vp; Tim Ronan, acct super; Patty Hurley, acct exec. Pizza—Richard Grinberg, sr vp; Ronald Arachingi, acct mgr. Foodservice, military, special mkts—Greg Campana, acct exec.

STOUFFER HOTEL CO.
Solon, Ohio
Marketing Personnel

William N. Hulett, president
Ronald A. Nykiel, sr vp-mktg
Robert Nance, dir-adv & promo

Advertising Agency

Wyse Advertising, Cleveland—Jim Hunt, vp-acct super; Tom O'Toole, acct super; Phil Bertel, John McCormick, Joe Fianecki, Bill Smith, acct execs.

STOUFFER RESTAURANT CO.
Solon, Ohio
Marketing Personnel

Rick Cassara, dir-mktg

Advertising Agency

Wyse Advertising, Cleveland—Rosemary Breehl, vp-group super; Jane LeSueur, acct exec; Alicia Arnold, asst acct exec.

WINE WORLD
St. Helena, Calif.
Marketing Personnel

Mike Moone, president
J.F. Tonjum, vp-sales & mktg
E.R. Wallingford, genl mgr-C&B Vintage Cellars
Richard Carter, vp-natl sales mgr
J.E. Thompson, group prod dir

Advertising Agency

Mojo/MDA, San Francisco—John Galbraith, sr vp; Barbara Frazier, vp-acct dir; Janet Earley, acct exec.

Nissan Motor Co. Ltd.

Tokyo

RANK **47**

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	23,675	25,918	(8.7)
Net income	322	447	(28.0)
U.S. advertising	180	163	10.8

Nissan Motor Corp. USA, a subsidiary of Nissan Motor Co. Ltd., Tokyo, will look to a new ad agency to establish its corporate identity in the U.S. this year. And a fresh stream of new products, including a new luxury car line to be introduced in the fall of 1989, is expected to bolster shrinking sales and income.

The parent, which does not break out sales figures for its U.S. subsidiary, reported worldwide earnings in fiscal 1987 ended March 31 of $322 million, down 28% from 1986, on sales of $23.6 billion, down 8.7%. Sales and earnings figures for both fiscal years were converted from yen to dollars at an average annual exchange rate of Y144.85 = $1.

Nissan also reported worldwide production for fiscal 1987 at 2,275,098 units, down 6.7% from fiscal 1986. In Japan, calendar year figures compiled by the Japan Automobile Manufacturers Assn. place Nissan's 1986 domestic production at 2,235,382 units—1,769,484 cars and 465,898 trucks—down 10.1%. In Japanese production Nissan ranks second, behind Toyota and followed by Mazda, Mitsubishi and Honda.

Changing market conditions have made it difficult for Japanese automakers to make a profit in the U.S. The appreciation of the yen since 1985 has cut deeply into U.S. profits, forcing them to go after higher profit margins with costlier "upscale" cars. Company-wide, Nissan has instituted cost-cutting procedures, streamlined the production process and redesigned parts to cut material costs.

Aggravating the situation for the Japanese has been the move of South Korea into the low end of the car market with the dramatic first-year success of the Hyundai. Other developing nations are expected to enter the less-expensive end of the market.

Squeezed by lower profits and the intense competition among economy models, Nissan will launch in the fall of 1989 a separate U.S. dealer network to market a line of luxury cars under the Infiniti nameplate. Models will include a V-8 engine, four-door sedan and a six-cylinder sports car with leather seats and four-wheel steering priced between $30,000 and $35,000. Infiniti dealers will be asked to make a multimillion-dollar investment for separate showrooms and sales facilities. Nissan expects to have between 60 and 70 signed up by January 1988.

The move makes Nissan the second Japanese automaker to establish a separate dealer network. Honda launched the Acura dealerships in 1986, and after a spotty start, sales have begun to perform well. Toyota also is expected to announce plans to import a luxury car line to the U.S. in 1988 for the 1989 model year.

Nissan continues to be dogged by its name. Nissan studies have shown that despite heavy advertising since it changed its U.S. name from Datsun in 1984, only 45% of the general public recognizes the Nissan moniker. That compares with 65% when its vehicles were called Datsun. This "identity" crisis was addressed upfront by Nissan's new agency, Chiat/Day, Los Angeles, which won the account in early August 1987 from William Esty Co., whose 10-year association with Nissan was terminated in July 1987. Chiat principals say they will give top priority to creating a strong "brand personality" for Nissan and ridding it of the confusing Datsun identity once and for all.

Import sales of the best-selling Sentra, priced at $6,399 for the standard five-speed, two-door sedan, accounted for 158,890 units, down 11.3% from 1985. Add to that sales of 52,602 U.S.-built Sentras. U.S.-produced Sentras and pickups (108,116 in 1986) from the Smyrna, Tenn., plant have enabled Nissan to import additional upscale models from Japan and meet the self-imposed restrictions of the Voluntary Restraint Agreement on all Japanese cars.

Unit sales of other imported Nissan models in 1986, compared with the previous year, were Maxima 112,756 (99,051), Stanza 67,804 (64,398), 300-ZX 52,936

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(67,409), Pulsar 47,350 (49,816), 200-SX 45,952 (65,792).

As reported by Nissan, the 1986 unit sales of imported Nissan cars and trucks totaled 620,157 units—493,549 passenger cars and 126,608 compact trucks—down 8.8% from 1985.

The import total, when added to the company's domestic production, gave Nissan a calendar 1986 sales total of 769,702 units, down 7.9% from 1985. The company has a 6.2% share of the U.S. market car/truck market, behind Toyota at 8.9%, and followed by Honda at 3.5% and Mazda at 3.3%.

Nissan truck sales in the U.S., down 12.5%, represented 29% of all Nissan units sold in the U.S. in 1986, down from 30.7% the previous year. Truck production at Smyrna accounted for 43% of all Nissan trucks sold in this country during 1986. The company forecasts combined auto and truck sales of 1 million per year by 1990 in this country.

In spite of reports that the rising yen would result in an operating loss for its Japanese parent, Nissan continued with its 1987 ad plans as scheduled, based on a budget estimated at the previous year's level of $180 million. Measured media expenditures topped out at $142 million.

While facing up to a more competitive market with the introduction of three new models—the all-new Pulsar NX, the sports/utility Pathfinder and an all-new van, Nissan also continued its corporate name-change campaign (from Datsun) under the banner, "The Name is Nissan." In a two-way approach—print and TV—print addressed itself to specific models, building an emotional appeal for Nissan products, while TV spots focused on both product and corporate identity.

Nissan compact trucks accounted for more than $40.7 million in measured media spending, the most of any Nissan product, according to BAR/LNA. Most went into spot and network TV. As in 1985, truck promotions relied heavily on an interest rate subvention program designed to overcome high interest rates on financing.

The budget saw reduced spending on televised sports, especially football. Nissan skipped the 1987 Super Bowl because of what was termed "overexposure on the spor."

However, at the start of the 1987 model year, Nissan agreed to a multiyear sponsorship of coverage of National Basketball Assn. games by CBS-TV. In February, Nissan became the major sponsor of the Greater Los Angeles Open on the Professional Golfers' Assn. tour.

Spots highlighting the introduction of the new Pathfinder SE 4x4 sport utility vehicle broke in September as the company jumped off quickly in an effort to boost truck sales. Print ads headlined "breakaway" steered clear of the "Hardbody" theme of previous truck ads and stressed styling, roominess and plushness of the 4WD vehicle's interior. TV spots were run on sporting events, and a four-page preprinted insert was used in enthusiast magazines.

Nissan anticipates selling 30,000 Pathfinder E models, priced at $12,899 each, in 1987 model year, about 8% of the 400,000-unit sport/utility market. The vehicle accounted for $6 million in measured media costs (network and spot TV and magazines) during its fall launch.

Early 1987 also saw the introduction of a van whose interior creature comforts included swiveling/reclining captain's chairs and a cold/hot storage box. The van, based on the Japanese home market Largo, bears a strong resemblance to the Toyota van. Nissan projects 24,000 to 36,000 first-year sales.

New products like the Pathfinder and the van are expected to boost Nissan sales to 870,000 units for the 1987 model year.

Besides highlighting the three new vehicles, ongoing support was provided for carry-over products—the Sentra, which had a budget of $20.5 million in measured media, the Stanza at $9 million and the Maxima at $5 million. Once again, Maxima was positioned as a luxury/performance car with A-class luxury and Z-class performance, and Stanza was positioned as a quality/value entry.

The restyling of the 1987 Pulsar NX, priced at $11,399 for the XE two-door hatchback (5-speed), is another product of Nissan Design International in San Diego. With a change of the rear hatch, the car can be changed from sporty hatchback to convertible or a mini-wagon. New TV spots were used to reposition the redesigned Pulsar sports car to appeal to men aged 18 to 34.

Since its introduction in 1983, the Pulsar has the highest percentage (64%) of female buyers of any car in the U.S., sparking the nickname "the secretary's sports car." The company hopes to broaden the product's appeal while keeping its female customer base.

A redesigned version of the best-selling Sentra was on the receiving end of heavy promotion in the spring, with ad spending at levels comparable to the $20.5 million in measured media recorded in 1986. Network and spot TV accounted for about $15 million and magazines most of the rest.

Cash-to-dealer incentives on Stanza, Sentra and Maxima began in January, but Nissan told dealers it would not follow domestic automakers in lengthening warranties. Nissan started giving dealers $300 to $600 for each subcompact Sentra, compact Stanza and luxury Maxima that sold between Jan. 7 and April 2. The exact amount depended on their ability to reach certain sales goals.

Nissan's racing program, which showcases actor/driver Paul Newman in the Trans Am series, continued during 1987. Nissan reportedly will enter the Indy-car on Formula One circuits in the near future.

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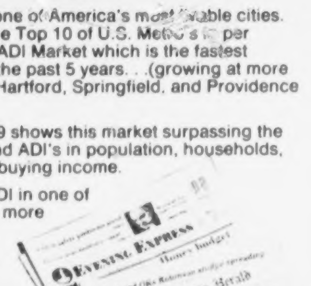

Portland, ME

PORTLAND NEWSPAPERS 390 Congress Street, Portland, ME 04101.
Source S&MM 1981 & 1985, Data Service, 1986 Survey of Buying Power

ADVERTISING EXPENDITURES

($in thousands)	1986	1985
Newspapers	17,627	16,504
Magazines	20,297	17,199
Newsp. supp	34	0
Bus pubs	1,248	623
Farm pubs	149	0
Network TV	46,266	34,860
Spot TV	44,426	44,974
Spot radio	10,382	11,663
Outdoor	1,020	1,385
Network cable	592	980
Total measured	142,042	128,187
Unmeasured	38,095	34,379
Total	180,136	162,566

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David Hubbard, natl truck adv mgr
Tom Hushek, natl sales promo mgr
Susan Furedi, media planning mgr
Scott Fessenden, natl dealer adv mgr

Advertising Agency

Chiat/Day, Los Angeles—all Nissan vehicles—personnel unavailable at time of publication.

Noxell Corp.

RANK
79

Baltimore

($ in millions)

Worldwide	1986	1985	% chg
Sales	439	382	14.8
Net income	37	32	14.7

U.S.	1986	1985	% chg
Sales	377	327	15.3
Operating profits	67	58	15.8
Advertising	112	107	5.0

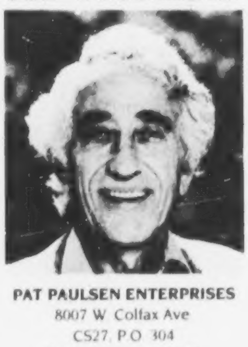
Noxell Corp., marketer of cosmetics, toiletries and household products including Cover Girl, Noxzema and Lestoil, generated slightly increased advertising spending in 1986, partly attributed to the launch of its Clarion line of cosmetics.

Introduced nationally in September 1986, the 85-item Clarion line of sensitivity-tested and fragrance-free products is designed for women with sensitive skin—a group Noxell estimates at more than half of all women.

Clarion is priced 20%-30% higher than Noxell's popular Cover Girl line. It includes foundation, lip and eye products, all of which are packaged with a system coded for color selection and coordination. In-store displays include a self-service computer to assist customers with personalized analysis.

Backed by $15 million in marketing support from SSC&B, New York, Clarion is "the most successful new product line in the market for decades," according to Jack Salzman, analyst for Goldman Sachs.

PAT PAULSEN



PAT PAULSEN ENTERPRISES
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Contact: Linda D. Chaney
Publicist/Promoter

Lynne Hyman, an analyst with E.F. Hutton, says Clarion "is doing well. I think the expectation is that it will do $50 to $55 million this year." But she adds that Noxell was looking for sales closer to $60 million for Clarion.

According to a Goldman Sachs market study, most buyers rated the initial launch of the line as excellent, with heavy advertising support a key factor. The major problem with the line, according to a few buyers, is that it is too frequently out of stock. What's more, the Cover Girl line does not appear to have lost any shelf space to its new sister line. Nor is there any evidence that Clarion has cannibalized Cover Girl.

Total sales for 1986 were $439 million, based on the introduction of Clarion and increased market share for most of the Cover Girl line. Net income was $37 million, or $1.85 a share. Ms. Hyman predicts earnings per share of $2.10 in 1987 and $2.65 the following year.

In the toiletries division Noxzema Skin cream appeared on the shelves in a new pump container that Noxell says encourages increased consumption among current users. It also attracted some new users, which increased the product's market share.

A new blemish treatment product called On-The-Spot hit the market in March. Existing products in the line, Acne 12 and Clear-Ups, also posted unit and dollar growth.

Noxzema Aerosol Shave also gained share, with marketing aimed at men with specific skin and beard types. A shave cream for heavy beards came out in January, and an aloe and lanolin formula was introduced in June. The extra-sensitive shave cream was supported by separate campaigns directed at men and women; the campaigns were created by SSC&B.

The traditional liquid segment of the household cleaner market declined primarily as a result of the introduction of trigger spray products. Lestoil sales dipped, but profit margins remained high because of reductions in raw material costs. Ms. Hyman says, "Lestoil has been pretty flat, although I think it grew a little in the second quarter."

Athough dollar volume for Cover Girl slipped in several categories, it made overall gains against the rest of the market. "Cover Girl advanced, based on smart moves on their part and not-so-smart moves on their competitors' part," Ms. Hyman says. "Their advertising has always been very good; their marketing has always been very good."

Mr. Salzman says Noxell made a few small changes in the Cover Girl line but not enough to account for the changes in market share. "They're always keeping their line fresh and exciting," he says, "but it's coming from strong marketing. They've been strong in virtually every category. Their only weak category right now is lips."

Revlon led unit sales in lipsticks with a 20% share of the market. Maybelline held onto second place, but it dropped three points to a 13% share. Cover Girl rose three points during the same time period to claim 11% of the market, based on changes in the marketing plan for Continuous Color and continued strength in the Luminesse line.

Cover Girl advanced five points for a 26% share of mascara unit sales, while No. 1 Maybelline dropped four points to claim a 35% share. Revlon also dropped a point to finish with 9% of the market. Cover Girl's growth in this segment was due in part to the introduction of Clean Lash Washable Waterproof Mascara.

Maybelline topped Cover Girl for sales of eye pencils with 38% of the market, but it dropped three points from the previous year. Cover Girl gained two points to claim a 17% share. Revlon has 6%.

In the blusher market, Cover Girl is slowly stretching its lead over Maybelline. It gained one point for 25% of the market vs. Maybelline's two-point drop to a 20% share. Revlon was unchanged at 18%.

Maybelline tumbled eight points in the eye liner department but retained dominant share of the market with 29% of unit sales. Cover Girl, however, advanced seven points for a 23% market share. Revlon had 14% share.

The liquid makeup market was virtually unchanged in 1986, with Cover Girl on top with a 38% market share. That compares with Maybelline's 16% share and Revlon's 14% share.

Cover Girl and Revlon tied in the nail polish market with 17% of the market apiece. But, once again, Cover Girl increased four points while Revlon dropped three points. L'Oreal dropped two points, and Cutex was unchanged; each accounted for 9%. Maybelline was fifth with 6%.

Cover Girl is in third place for market share of eye shadows, but it advanced against its two main competitors. Maybelline was down three points to a 24% share; Revlon gave up four points to claim a 16% share. Cover Girl increased market share to 15% from 13% the previous year. More than 8 million women received free eye shadow samples in fall fashion magazines.

For loose powder sales, Cover Girl posted a commanding lead over Revlon, its nearest competitor. Cover Girl claimed 28% share vs. Revlon's 10%. Noxell attributed the gain to the successful introduction of Professional Finishing Powder, which became second in its market after just four months and exceeded initial sales projections.

In compressed face powders, Cover Girl increased unit sales to 53% of the market. Revlon was unchanged with an 11% share, and Maybelline slipped two points to a 9% share.

For total face makeup, Cover Girl had 37% of unit sales compared with 34% in 1985. Maybelline dropped to 15% from 17%, and Revlon surrendered one point for a 14% share.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	22,485	17,401
Newsp. supp	0	126
Bus pubs	144	0
Network TV	37,361	38,740
Spot TV	2,749	3,525
Network radio	3	502
Spot radio	1,046	0
Outdoor	38	10
Network cable	1,045	1,492
Total measured	64,871	61,795
Unmeasured	47,240	45,000
Total	112,110	106,795

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Marketing Personnel

George L. Bunting Jr., chmn & ceo
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R.H. Yeager, dir-new prods
E.H. Levering, sr vp-sales
D.J. Gallow, dir-mktg rsch
C.J. Busta, mktg dir, toiletries
B.F. Nelson, exec vp-genl mgr-Caliente Chili
E.M. McNamara, mktg dir-Clarion & new prods

Advertising Agencies

William Esty Co., New York—Noxzema shave cream, Lestoil, new prods—Rand Pearsall, vp-acct super; Peyton Sise, vp-mgmt super.

GSDM, Austin, Texas—Wicks Famous Two Alarm Chili and other Caliente Chili, Inc. products.

SSC&B, New York—Noxzema skin cream, Cover Girl prods, Clarion, new prods—Ian McGregor, exec vp, Noxell prods; Neill Myers-mgmt super, sr vp, Noxell prods; Patrick Keough, acct super-Noxzema skin cream & toiletries prods; Sheri Colonel, sr vp-mgmt, acct exec, nails, lips; Lynne King, vp-mgmt super, Clarion nails, lips, eyes & colors; Megan O'Shaughnessy, acct super, Clarion makeup & mascara; Mason Wiley, acct exec, Clarion mascara & makeup; Becky Broers, vp-acct super, Moisturewear; Caroline Simko, asst acct exec, Moisturewear; Craig Martin, acct exec, Cover Girl eyes; Daniel McLaughlin, vp-acct super, Cover Girl makeup; Wendy White, asst acct exec, Cover Girl makeup; Jacalyn Brecher, acct exec, lips & nails; Sheila Dailey, acct super, new prods; Sarah Bell, acct exec, Cover Girl makeup.

Nynex Corp.

RANK
78

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	11,340	10,310	10.0
Net income	1,215	1,095	11.0
U.S. advertising	112	103	8.7

Nynex Corp., New York, set a strategy in 1986 of reaching into the four information industry markets—telecommunications, office equipment, information and support systems—and a fifth market of linking the four into integrated systems.

Nynex put its total advertising costs in 1986 at $117.4 million in its 10-K for media, research and agency work. The company did not report ad spending for 1985.

AD AGE estimates Nynex measured and unmeasured media spending at $112 million. Estimates for 1985 have been revised to $103 million to reflect a year-to-year 8.7% increase that is more characteristic of the industry. Nynex concentrated on its core business, the telephone network, in 1986, devoting 60% of $29.7 million in measured spending for seven media to its two main subsidiaries, New York-based New York Telephone, and Boston-based New England Telephone & Telegraph.

Nynex invested $2.1 billion to expand and upgrade networks of the two telephone subsidiaries in 1986, adding more than 50,000 miles of optical fiber lines.

Measured spot TV for New England Telephone increased 12.5% to $8.1 million in 1986. New York Telephone's measured spending jumped 48% in 1986 to $9.8 million, mainly in spot TV.

Because New York Telephone serves Nynex's most vital market, Nynex laid the groundwork for advanced voice, data and visual communications with brand awareness advertising, says Harriet Norris, director of corporate advertising.

Beginning 1986 with a user-stimulative campaign, "New York Lives on New York Telephone," agency Bozell, Jacobs, Kenyon & Eckhardt repositioned the advertising in June 1987 to focus on advanced network capabilities with a new campaign, "The power behind the phone." Nynex cut spending 20% on corporate general advertising in 1986, spending $2.7 million mostly in magazine and spot TV.

In office automation, Nynex increased spending 33% to $2.6 million—all in spot TV—in 1986 for Nynex Business Information Systems. Nynex has set a goal of becoming one of the nation's leading suppliers of networked computer and telecommunications equipment. This explains the acquisition for an undisclosed price of 81 International Business Machines Corp. Product Centers in 33 states and the District of Columbia on June 30, 1986. The centers were merged with 21 Datago Business Centers as Nynex Business Centers.

With 92 outlets in the U.S., Nynex is a powerhouse in company-owned office automation retail centers, ranking second only to San Jose, Calif.-based Businessland, with 94 outlets. Chicago-based Sears, Roebuck & Co. is third with 60 Sears Business System Centers., says Alice Brown, president of StoreBoard Inc., a Dallas-based industry consultant.

Revenues are another story, however, Ms. Brown says. Nynex does not release figures, but its operating revenues are believed to be well below those of Businessland, which had revenues for the year ending June 30, 1987 of $600 million, up 48% over 1986, she says. Nynex has to follow Businessland's lead by developing a strong outside sales force and paring back its high priced retail store fronts, which once were simply showcases for IBM, Ms. Brown says.

Nynex appears to be digging in, hiring James N. Turner, IBM's former VP-retail sales, among three other top IBM executives.

Nynex is looking beyond its territory for new uses of its information resources-directory assistance, customer databases and publishing. In late 1986, Nynex agreed to provide some of AT&T's billing and collection. Nynex began publishing three directories outside its territory. Nynex also purchased for undisclosed terms United Publishers Corp., Los Angeles-based independent directory publisher.

Measured spending for information resources in 1986 jumped 58% to $6.3 million, virtually all in spot TV.

Nynex boosted efforts to integrate products and services with the Feb. 25, 1987, acquisition for $107 million of Business Intelligence Services Ltd., a London-based computer software company specializing in financial services. In April, 1986, Nynex acquired Telco Research, Nashville, Tenn., a specialist in integrated telecommunications software.

Nynex also received approval in April 1987 from the FCC to enter the long-distance market by buying a stake in a transatlantic fiber-optic cable. Nynex hopes to acquire Private Transatlantic Telecommunications System Inc, Washington D.C., which has regulatory approval to provide a telephone and data link between New York and London. PTT is a 50% partner with Cable & Wireless PLC, London, in building two fiber optic cables at a cost of $300 million. The cables are scheduled to begin operating in 1989 and 1992.

Nynex successfully petitioned for the U.S. Justice Department for permission to begin transatlantic services, the first request by a regional Bell company to engage in services directed overseas. The request eventually requires approval from Judge Harold Greene, who oversaw the breakup of the Bell system, and who earlier this month banned Bell companies from entering the long-distance market within the U.S.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	18,614	15,133
Magazines	3,425	3,913
Newsp. supp	980	746
Bus. pubs	415	593
Network TV	44	0
Spot TV	24,796	0
Spot radio	3,591	3,244
Outdoor	415	0
Network cable	89	0
Total measured	52,369	23,629
Unmeasured	59,840	27,000
Total	112,209	50,629

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Ivan Seidenberg, vp-external affairs
Don Sacco, vp-corp mktg
Emery Westfall, dir-external affairs

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Young & Rubicam, New York—Robert Gleckler, mgmt super; Terry Pranses, acct super; Brad Most, acct exec.

NEW YORK TELEPHONE
New York

Joseph M. Walsh Jr., vp-regulatory, planning
Walter I. Rickard, vp-technology
Louis Kruh, dir-sales & adv
Harriet Norris, dir-corp adv

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—public telephone—Neil Tergesen, vp mgmt super; Gary Andrews, sr vp-dir accts; Carl Teittelman, acct super; Debbie Halligan, asst acct exec; Jim Kennedy, acct coord.

Chapman Stone & Adler, New York—Frank Galey, vp-group mgmt super; Usha Krishman, acct super; Lorraine Salta, acct exec.

Conill Advertising, New York—Hispanic mkts—Charley Magee, sr vp-acct svcs dir; Gloria Tuero, acct exec.

Young & Rubicam, New York—Larry Shapiro, vp-group dir; Tom Spangenberg, mgmt super; Mary Ellen Kenney, acct super, residence usage; Richard Kebbon, acct super, business prods & svcs; Margaret McKinley, acct exec, business prods & svcs; Hugh Nesbitt, acct exec, residence usage.

NEW ENGLAND TELEPHONE
Boston

Marketing Personnel

Walter E. Bartlett, vp-mktg & tech

Advertising Agency

Harold Cabot & Co., Boston—William H. Monaghan, president; Carolyn Smith, acct super; Peter Hathaway, acct exec; Arthur Sweetser, acct exec; Natalie Cox, acct exec.

NYNEX INFORMATION RESOURCES CO.

Marketing Personnel

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Bernie Bloomfield, vp-mktg & staff

Advertising Agencies

Chiat/Day, New York—Yellow Pages—Amy Saypol, mgmt super; Mary Maroun, acct super; Melissa Bernhardt, acct exec.

Conill Advertising, New York—Hispanic mkts—Charley Magee, sr vp-acct svcs dir; Gloria Tuero, acct exec.

NYNEX BUSINESS INFORMATION SYSTEMS
New York

Marketing Personnel

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Tom Philie, asst vp-mktg

NYNEX BUSINESS CENTERS
Atlanta, Ga.

Marketing Personnel

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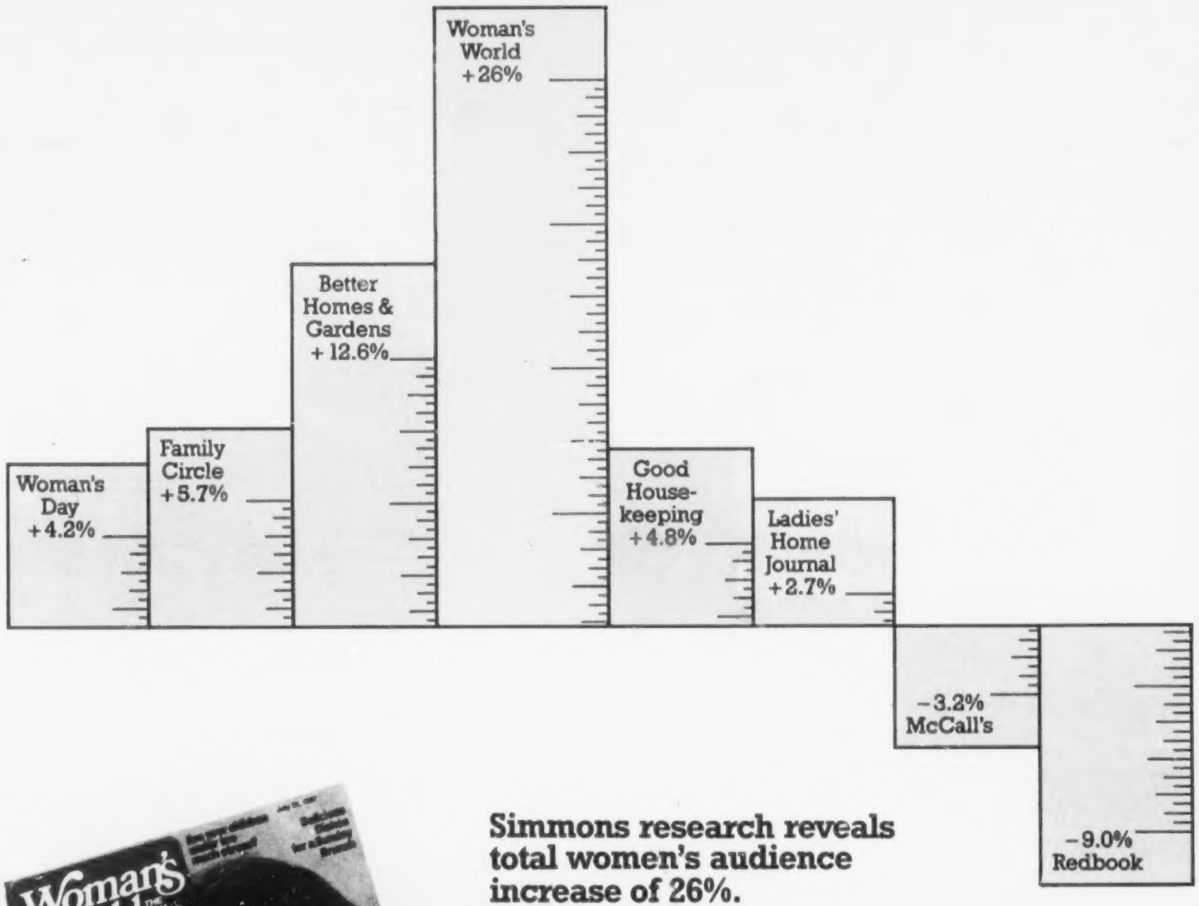
Warren Pillsbury, vp-mktg
James Harper, dir-industry mktg
Dawn Barrs-Elkourie, mgr-adv

Advertising Agency

Hill, Holliday, Conners, Cosmopulos, Boston

WOMAN'S WORLD OUTGROWS HER SISTERS



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—Scott Cheyne, sr vp-group dir; Beth Broderson, vp-mgmt super; Jonathan Brody, vp-acct super; Robert O'Leary, asst acct exec.

NYNEX MOBILE COMMUNICATIONS
White Plains, N.Y.
Marketing Personnel

Robert Martin, vp-coo
Dennis McManus, vp-mktg & technology

Advertising Agencies

Lohmeyer, Simpson Communications, Morristown, N.J.—collaterals—Richard Ricciardi, exec vp; Rob Brigham, acct exec.

Rizzo Simons & Cohn, Boston—Philip Mathews, acct super.

NYNEX MATERIEL ENTERPRISES CO.
New York
Marketing Personnel

P.L. Haynes, president
Joe Timpanaro, vp-mktg

Advertising Agency

Frank Barth Inc., New York—Kathrine Barth, president; Martin Silver, acct super.

Pacific Telesis Group

RANK **97**

San Francisco

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	8,977	8,499	5.6
Net income	1,079	929	16.2
U.S. advertising	88	62	41.5
Division sales	**1986**	**1985**	**% chg**
Local service	2,957	2,820	4.9
Interstate access	1,733	1,670	3.7
Intrastate access	962	1,045	(8.0)
Toll service	1,999	1,743	14.7
Other	1,326	1,220	8.7

Pacific Telesis Group dramatically increased measured media spending in 1986 to establish its brand name and boost usage of its network, and to tap into competitive markets for communications, information services and publishing.

Receiving the largest increase was corporate general promotion, up 162% to $6.8 million in seven-media measured spending, divided 66% spot TV, 33% magazine, 1% magazine. PacTel's total, including measured and unmeasured spending, was $87.5 million in 1986, up 42%. Totals include $31.1 million in spot TV, up 75%, and $8.9 million in measured newspaper, up 15%.

San Francisco-based Pacific Bell, PacTel's largest subsidiary, again dominated spending with $21.6 million in 1986 measured media, up 64%. Spending for Pacific Bell represented 62% of the seven media total, according to BAR/LNA. Almost all of the spending was for spot TV, supported by magazine and outdoor.

The California Public Utilities Commission continues to be a thorn in side of the Pacific Bell unit. CPUC, which is recommending rate reductions of up to $225.1 million a year retroactive to March 1986, ordered cuts totaling $191 million in March 1987 that PacTel cited as the main reason for a 3.8% slide in earnings to $272.3 million during the second quarter of 1987 on revenues of $2.8 billion. PacTel's first quarter profits were $293 million, up 7% over the same period in 1986, on revenues of $2.24 billion, up 1%.

Fritz Ringling, principal with New York-based Booz, Allen & Hamilton, says Pacific Bell "shot itself in the foot" in its dealings with CPUC. The company was ordered in mid-1986 to revise its "packaged selling" methods of marketing enhanced services. The commission charged that sales representatives were passing off as basic service a package that included extras such as call-waiting and call forwarding. CPUC also charged the company did not attempt to find out if customers were eligible for the Lifeline basic service, at $1.48 a month, which is designed for the poor and elderly. Particularly vulnerable were Hispanic and other minority customers because of language barriers.

"Pacific Telesis has one of the most conservative public utility commissions in the nation," says William Rich, senior analyst with Northern Business Information, a New York-based consultant. "It prevents them from being more competitive with the services they offer, from modernizing their systems to offering competitive services in non-regulated areas."

PacTel has been active in competitive markets for communications and office automation. Dallas-based Communications Industries, a marketer of paging and cellular services with operations in Dallas, Atlanta, Tampa and other markets was bought by PacTel for $431 million in 1985 and renamed PacTel Cellular. In December 1986, PacTel paid $316 million for cellular operations in five cities in Michigan and northern Ohio. Measured magazine spending for PacTel Mobile Access increased 117% to $420 million in 1986.

PacTel also is making moves to capitalize on international markets through a partnership with London-based Cable & Wireless PLC and C. Itoh & Co. of Japan. The partnership is vying for rights to build a second transpacific cable link between the U.S. and Japan.

"International presents some big growth opportunities. It's an area that all the Bell companies are looking at. So far, most are taking a slow, logical approach beginning in a consulting capacity for network design," NBI's Mr. Rich says. The regional Bell companies have been banned for the next three years from engaging in offering long-distance services (other than transmission) within the U.S.

In the market for office automation, PacTel InfoSystems acquired late in 1986 the western direct sales and services unit of the integrated office systems group of Northern Telecom. The acquisition gives PacTel a presence in 11 western states selling and servicing customer premise equipment. The purchase price was not disclosed.

The purchase solidify's PacTel's position in office automation through its 26 PacTel InfoSystems stores in California, Oregon and Washington, which include eight stores acquired in the May 1985 acquisition of Portland, Ore.-based Byte Shops Northwest.

In Jan. 1, 1986, Pacific Bell Directory became a separate subsidiary of Pacific Telesis. The company publishes 96 white and yellow page directories in California and Nevada. The subsidiary broadened its product line in August 1987 with six new directories geared to local small business in the Los Angeles area. The directories unit received $6 million in measured spot TV in 1986, up 12%.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	8,896	7,706
Magazines	3,628	3,503
Newsp. supp	62	213
Bus.pubs	48	96
Spot TV	31,066	17,727
Spot radio	1,472	2,736
Outdoor	225	98
Total measured	45,397	32,079
Unmeasured	42,454	30,000
Total	87,851	62,079

PACIFIC TELESIS GROUP
140 New Montgomery St.
San Francisco, Calif. 94105
(415) 882-8000
Corporate Personnel

Donald E. Guinn, chmn-ceo
Theodore J. Saenger, president

PACIFIC BELL
San Francisco
Marketing Personnel

C.L. Cox, exec vp-mktg
Lee Camp III, vp-mktg
A.F. Boschulte, vp-business mktg
D.C. Rathbone, div Starr mgr-adv

Advertising Agencies

Cohn & Wells, San Francisco—Laurie King, Sandi Hicks, acct execs.

Foote, Cone & Belding, San Francisco—W.J. Kelley, mgmt super.

Ketchum Advertising, San Francisco—Lynn Upshaw, acct exec.

Mendoza, Dillon & Associados, Newport Mendoza, Dillon & Asociados, Newport Beach, Calif.—Richard E. Dillon, president; Robert Howell, vp-client svcs; Sergio Ruiz, acct super.

Carol H. Williams Advertising, Oakland, Calif.-Karen Merguson, acct exec.

NEVADA BELL
Reno, Nev.
Marketing Personnel

R.K. Van Allen, vp
Rich Epifani, dir-mktg, external affairs
Les Mathson, dir-sales

Advertising Agency

Dunn Draper Glenn Marz, Reno, Nev.—Diana Cunningham, acct coord; Tim Grandt, Rick Atchison, acct execs.

J.C. Penney Co.

RANK **15**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	14,740	13,747	7.2
Net income	478	397	20.4
U.S.	**1986**	**1985**	**% chg**
Sales	14,117	13,228	6.7
Advertising	496	479	3.3
Division sales	**1986**	**1985**	**% chg**
J.C. Penney	13,390	12,634	6.0
Other retail	1,350	1,113	21.3

J.C. Penney Co., the nation's third largest retailer and the third largest mail order company after Sears, Roebuck & Co. and Time Inc., for the second year held advertising increases below 5% even though both its earnings and sales showed marked improvement over 1985.

Penney reportedly improved the quality, presentation and merchandise mix of its weekly advertising circulars, a program it intends to expand by the end of this year.

In 1986, Penney spent $16.7 million in measured advertising to back men's and women's clothes, another $4.4 million for men's by itself and $2.7 million for women's. While the combined budget was up from the $15.8 million spent in 1985, both men's and women's individual budgets were down. However, general advertising, according to Leading National Advertisers, rose 9.4% to $26.7 million, and budgets for jewelry jumped 33% to $4.8 million.

Catalog operations were a strong contributor to Penney's record performance in 1986. While Penney store sales increased 6% to $12.8 billion, catalog sales increased 16.6% to $2.3 billion, and profits more than doubled. The $340 million increase in sales was achieved with 235 fewer catalog pages. The company attributed enhanced productivity to better presentation and organization, as well as fashionable but functional goods sold at competitive prices.

To address mediocre sale growth at its retail stores, Penney reorganized its marketing and merchandising operations this summer. Penney President David Miller was named vice chairman, and W. Barger Tygart, central regional VP, was named exec VP for merchandising.

As part of the restructuring, Penney also established four major merchandise categories: women's, children's, men's and home and leisure.

Each new merchandise unit will be responsible for buying and marketing functions for that category. And each will be headed by its own president: John A. McConville for women's; Thomas D. Hutchens for men's; James L. Hailey for children's, and James J. Kennedy for home and leisure.

The streamlined organization is expected to improve Penney's ability to respond quickly to changing consumer needs and tastes.

To date, the financial improvement begun in 1986 has continued into 1987. Fiscal first quarter net income declined 14% to $54 million as a result of an $82 million after-tax charge related to Penney's upcoming move of its headquarters from New York to Dallas' Plano, suburb, but profit from operations actually rose 56% and sales climbed 5.9% to $3.22 billion from $3.05 billion.

The relocation to Texas was one of the recommendations of a study begun in 1974 to reposition Penney for the future. Besides recommending that Penney move out of New York to give it easier access to its national store network, the study said Penney should develop stronger internal communications, encourage regional identities and restructure its merchandise and marketing mix to make both more compatible with regional consumer buying patterns.

In the 1970s and early 1980s Penney began implementing its new strategy by adding more fashionable apparel to its merchandise mix and modernizing its stores. The modernization continues, and, in the last year, Penney fine-tuned its merchandise mix to include a better balance of private label as well as designer brands so that Penney's core customers would not be turned off by too trendy or too expensive clothing. At the same time, it has targeted more fashion-aware customers such as the working woman, trendy teens and fashion-conscious men.

To further refine its merchandise mix, Penney's has continued to decentralize its buying programs. The company's satellite TV network, operating since July 1985, is now used in 175 locations, up from 165 last year. The network allows buyers to show clothes and other products to local stores, which can then decide what is suitable for their region's tastes.

Programs such as the satellite connection have been designed not only to better serve the consumer but to save Penney money. Savings are made in travel-related expenses and in the markdowns necessary when merchandise won't sell in a certain area.

The headquarters move to Dallas should also improve communication and reduce costs. Penney Chairman William Howell says, "The relocation will further enhance communications and reduce travel time by up to 50% between headquarters and our five regional offices. Approximately 50% of our people now work in central and southern locations. The remaining 50% are divided evenly between the West and East Coasts, putting Dallas at the halfway point."

The costs of relocating were projected at $140 million before taxes, taken as a one-time, non-recurring charge to earnings in the first quarter ended May 2, 1987. Reduced occupancy, labor costs, savings on travel and taxes, increased productivity and efficiency are expected to offset that expense over several years. Also, a permanent reduction of $60 million to $70 million in administrative costs is anticipated.

In 1987, Penney announced a $40 million investment in its startup of Telaction, a consumer-controlled, cable TV-delivered and home-phone-activated home shopping and information service. The system is testing in Chicago with 125,000 cable TV subscribers, and more than 40 companies are paying an undisclosed fee to participate in the test. These include American Express, Ticketron, Spiegel and Nash & Finch, a Minneapolis-based wholesale food grocer.

Telaction has come out in advance of three other videotex ventures: White Plains, N.Y.-based Trintex, which involves a Penney competitor, Sears, Roebuck; CNR Partners, New York, and Covidea, Jericho, N.Y.

Other areas of new business for Penney include its new subsidiary, Telemarketing Network Inc., which provides telemarketing services to other companies. Penney's network consists of 14 telemarketing centers established since 1982 as part of its catalog operation.

Another service is J.C. Penney Communications Inc. Through Penney's satellite TV network, companies can use this system for direct broadcasting via satellite to domestic and international audiences. Other services include videotape production and full-motion videoconferencing between New York, Pittsburgh, Atlanta, Dallas and Los Angeles; audio recording and mixing; graphic and slide art; meeting planning and management; employee communications programs; printed and electronic reference manual publishing, and communications research. Clients include General Motors, Squibb Corp., NBC, ABC and Saatchi & Saatchi.

Penney also has formed the J.C. Penney Travel Services subsidiary, which initially is marketing travel services to Chicago-area consumers. The service operates via the phone and is open 24 hours a day, seven days a week.

The Thrift Drug division, purchased by Penney in 1969, has been earmarked for expansion. One growth route is expected to be mail-order drugs for senior citizens.

Penney also is expanding into the specialty store business. When, in 1986, it bought a 20% interest in Alcott & Andrews, the regional specialty store chain, a spokesman said the investment "shouldn't be read as a desire on our part to get into the specialty store business." But

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subsequent purchases have disproved that disclaimer.

In April 1987, Penney announced it has signed a letter of intent to buy a 20% equity interest in Beeba's Creations, a San Diego-based junior sportswear supplier. Penney is now working with Beeba's to establish junior specialty shops in its stores and is planning free-standing stores that will sell the same private label coordinated apparel.

Penney also has made a capital investment in Los Angeles-based Stinu Corp.'s Units women's specialty store division. Notes Don Rhoden, president, "Our expansion program has been given a major impetus by Penney's capital investment which is part of its strategy for participating in the specialty store segment of the retail business."

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	8,487	9,280
Newsp. supp.	906	54
Bus.pubs.	3	0
Network TV	46,867	44,552
Spot TV	14,929	17,640
Network radio	1,218	0
Spot radio	875	61
Outdoor	22	360
Network cable	1,616	358
Total measured	74,924	72,305
Unmeasured	421,317	406,587
Total	496,241	478,892

J.C. PENNEY CO.
1301 Avenue of the Americas
42nd Floor
New York, N.Y. 10019
(212) 957-4321

Marketing Personnel

W. Barger Tygart, exec vp, dir-merch.
Ronald Shuler, dir-mktg comm
James Boyton, mgr-media svcs
Darryl Erickson, sales plans mgr
Robert Jung, mktg publicity coord
Edward Hayward, adv mgr
Arthur Kapplow, mgr-publicity, special events
Thomas Jewell, mgr, corp special events
Gerald Shores, dir-vis merch
Malcolm Bliss, mgr, packaging & labeling
William Speer, mgr, store design
Gerald Testor, mgr, presentation
John O'Brien, dir, geographic merch
Sidney Stein, mktg rsch dir
Charles Lipscomb, dir pers merch
Robert Burke, controller, merch

WOMEN'S DIV

Marketing Personnel

John A. McConville, president
Kenneth T. Russo, div vp, dir-mktg

MEN'S DIV

Marketing Personnel

Thomas D. Hutchens, president
J. Raymond Pierce, div vp, dir-mktg

CHILDREN'S DIV

Marketing Personnel

James L. Hailey, president
Andrew Cumming, div vp, dir-mktg

HOME AND LEISURE DIV

Marketing Personnel

James J. Kennedy, president
J. Thomas Arthur, div vp, dir-mktg

Advertising Agency

N W Ayer, New York—natl adv—Chuck Meding, sr vp-exec acct dir; Agi Clark, exec dir-creative svcs; Christina Anderegg, sr vp-mgmt super; Jeanne Chenard, sr vp-group creative dir; Meryl Nierman, vp-acct super.

PepsiCo Inc.

RANK **10**

Purchase, N.Y.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	9,291	7,653	21.4
Net income	458	420	9.0
U.S.	**1986**	**1985**	**% chg**
Sales	8,065	6,702	20.3
Operating profits	616	602	2.3
Advertising	581	558	4.1
Division sales	**1986**	**1985**	**% chg**
Soft drinks	3,588	2,725	31.7
Snack foods	3,018	2,847	6.0
Restaurants	2,684	2,081	29.0

PepsiCo is slicing ever larger shares of the business in its three chief segments: soft drinks, snack foods and restaurants. The company reports sales of $9.3 billion in 1986, a 21% gain over the year before.

Its Mandarin Orange Slice, though available last summer in only about half the U.S., nonetheless took the top spot in the orange-flavor segment of the soft-drink market. At a 24% share of market, Mandarin Orange has captured twice as many pocketbooks as archrival Coca-Cola's Minute Maid. PepsiCo scored another coup for Slice when the Slice blimp became the official dirigible of the Super Bowl, flying above the Rose Bowl and shooting pictures of the action.

PepsiCo further enhanced its business outlook with the $841 million purchase last October of RJR Nabisco's Kentucky Fried Chicken, leader in the fast-food chicken market. With it, PepsiCo became the largest restaurant system in the world, with 14,664 restaurants including Pizza Hut and Taco Bell outlets.

While Pepsi also picked up additional KFC units served by Coca-Cola, it lost a big client in the fast food industry in Wendy's, which in October 1986 switched its fountain allegiance to Coca-Cola from Pepsi. Wendy's, in explaining its decision, said PepsiCo had become a major restaurant competitor through its ownership in KFC.

PepsiCo also spent $591 million to buy MEI Corp., its third largest bottler, and $246 million for Seven-Up International from Philip Morris Inc.; Kentucky Fried Chicken from RJR Nabisco Inc.

PepsiCo remains a leader in the $6 billion salty snack food business with its Frito-Lay products claiming $3.5 billion of that market.

But it is soft drinks that account for most of PepsiCo's sales, nearly $3.6 billion in 1986. Pepsi claims to be the largest-selling soft drink in supermarkets, though Coca-Cola holds the edge in vending and fountain sales. PepsiCo, in its own analysis of market share, claims $12 billion of the $39 billion in U.S. soft drink retail sales.

But an analysis done by *Beverage Industry* finds Pepsi's cola brands lagging behind those of Coke. The magazine pegs Pepsi brands of cola at a 25% market share, while Coke is at 32.2%. Pepsi was only slightly behind, with its lead brand, Pepsi-Cola. Coca-Cola Classic garnered 19.1% of the market in 1986, compared with a 18.6% share for Pepsi. But overall, Coca-Cola's market share reached 39.8%, compared with Pepsi's 30.7%. Shares include all the different brands made by these two soda megacompanies, and compare with 38.6% Coca-Cola and 29.8% Pepsi in 1985.

PepsiCo is moving to close the gap. It got Burger King, the second-largest restaurant system in dollar sales in the country, to continue serving Pepsi products despite intense wooing from Coca-Cola.

PepsiCo is also serving its own drinks at its large stable of restaurants. The company reports a 20% share of the highly competitive pizza market, one quarter larger than its closest competitor, Domino's. PepsiCo also says it commands 45% of the $5.5 billion dollar quick service chicken segment with KFC. Taco Bell, the company reports, has over half of all the quick service sales in the $2.3 billion Mexican food category.

PepsiCo, which has the right of approval in the ownership transfer of independent Pepsi bottling franchises, in August 1987 nixed the planned sale by GenCorp of its RKO Enterprises operation to IC Industries' Pepsi-Cola General Bottlers, the second largest independent bottler in the Pepsi lineup. The combo would have become the largest independent Pepsi bottler. IC and GenCorp filed suit, which is pending. Analysts theorize that the PepsiCo move is a response to the concentration of bottling operations taking place at Coca-Cola, which acquired many of its bottlers in 1986 and formed Coca-Cola Enterprises, spun off as a publicly held company in 1986 (Coke retained 50% ownership).

In its 1986 10-K report to the Securities and Exchange Commission, PepsiCo reports spending $688.7 million on advertising worldwide, up 26% from the year before. PepsiCo says that figure includes all direct advertising costs, including time charges for broadcast and space charges for print. It also includes production costs.

The BAR/LNA multi-media service, which monitors seven media, says $72.8 million of PepsiCo advertising backed Pizza Hut and its delivery service. PepsiCo, which says the Pizza Hut campaign was working out, recently dropped Chiat/Day, Los Angeles, as its agency on the account. Pizza Hut says it was by mutual agreement and referred inquiries to Jay

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Chiat of Chiat/Day. He had no comment.

Some in the advertising industry say the public and PepsiCo management as well were not responding to the Pizza Hut ads, many of which devoted their thrust to portraying the competition in a negative light.

Pizza Hut is second to Kentucky Fried Chicken in total dollars spent on a brand. KFC spending was pegged at $81.3 million. Taco Bell follows with $50.4 million.

Spending for Slice, both diet and regular, topped $32 million in 1986, up from $18.8 million in 1985. PepsiCo this year has also moved into the bottled water business with its Ice Mountain Maine Water, a division of its Great Spring Waters of America company. Tests are under way in Boston, Hartford, Providence and New Haven.

A PepsiCo spokesman, who says the company estimates per capita consumption of bottled water has increased 500% since 1980, says the company owns a mountain in Maine, Mt. Zircon in Rumford, which has been a source of bottled water since the mid-1800's.

Not everything PepsiCo has touched has, like Slice, meant a resounding success. Frito-Lay rolled out three products—Stuffers, a potato chip with dip inside; Rumbles, a granola ball; and Toppels, a potato cracker with melted cheese—and soon canceled them.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	8,806	5,926
Magazines	1,082	2,726
Newsp. supp.	65	35
Bus.pubs.	399	337
Network TV	115,128	127,021
Spot TV	257,033	217,412
Network radio	874	5,296
Spot radio	22,342	29,925
Outdoor	3,213	4,107
Network cable	5,107	4,885
Total measured	414,050	397,669
Unmeasured	167,260	160,643
Total	581,309	558,311

PEPSICO INC.
Anderson Hill Rd.
Purchase, N.Y. 10577
(914) 253-2000

PEPSI-COLA WORLDWIDE BEVERAGES
Somers, N.Y.

Corporate Personnel

Roger Enrico, president-ceo, Pepsi-Cola Co.

PEPSI-COLA USA

Corporate Personnel

Ron Tidmore, president-ceo
John Cranor, president, Pepsi-Cola Fountain Beverage div

Marketing Personnel

Michael Lorelli, sr vp-brand mktg
Alan Pottasch, sr vp-creative svcs
John Moorhead, vp-mktg svcs
Rick Rock, media dir

Advertising Agencies

BBDO, New York—Pepsi-Cola, Diet Pepsi, Pepsi Free, Mountain Dew, packaging & promo—Gary dePaolo, sr mgmt rep; William Katz, mgmt super; Andy Russem, Jeff Mordos, acct supers.

Lockhart & Pettus, New York—domestic black adv-all brands—Keith E. Lockhart, president.

Siboney Advertising, New York—domestic hispanic adv-all brands—Carla Trum, acct dir.

J. Walter Thompson USA, New York—Slice, Diet Slice, Jake's—Jerry Gottlieb, mgmt dir; Jeremy Birkbeck, acct super.

Tracy-Locke, Dallas—Pepsi-Cola USA—Pepsi Light, fountain beverages—Lanny Houillon, sr vp; Bruce Orr, acct exec.

Waring & LaRosa, New York—Ice Mountain bottled water—Dick Upson, acct mgr.

PEPSI-COLA BOTTLING GROUP

Corporate Personnel

Craig Weatherup, president

Marketing Personnel

Chris Hallenbeck, sr vp-sales & mktg

Advertising Agency

Tracy-Locke, Dallas—Pepsi-Cola Bottling Group—Jim Wilson, sr vp-mgmt super.

PEPSI-COLA INTERNATIONAL

Corporate Personnel

Robert H. Beeby, president

Marketing Personnel

John Hetterick, vp-mktg
Rod B. Malcolm, group dir, cola brands
Peter Wakeham, group dir, lemon-lime flavors
Mark B. Young, mgr-adv

Advertising Agencies

Leo Burnett USA, Chicago—7-Up, Mirinda—Skip Long, mgmt super.

Ogilvy & Mather, New York—Keith Bainbridge, vp-mgmt super; Maggie McDermott, acct exec.

J. Walter Thompson USA, New York—Tony Claravall, acct dir.

PEPSICO WORLDWIDE FOODS

Corporate Personnel

Michael Jordan, president

PEPSICO FOODS INTERNATIONAL

Corporate Personnel

John S. Pingel, president

Marketing Personnel

Jim Postal, area vp

Advertising Agencies

Tracy-Locke, Dallas—Jake Schroepfer, acct dir-super; Mike Rawlings, mgmt super; Lydia Kennedy, acct coord; George Hermelink, creative dir.

Young & Rubicam, New York—John McGarry, chmn, worldwide accts; Gary Payne, worldwide acct dir.

FRITO-LAY
Dallas, Texas

Corporate Personnel

Michael Jordan, president-ceo

Marketing Personnel

Leo Kiely, sr vp-sales & mktg
Dennis Freezo, vp-sales operations & planning
Dale Stortz, vp-natl sales, west & south
Tom Kuzio, vp-natl sales, east & central
Chris Sinclair, vp-mktg

Advertising Agencies

DDB Needham Worldwide, Chicago—Ruffles potato chips, CheeTos—Al Wolfe, president; Tim Scott, acct exec, Ruffles; Wendy Wallis, acct exec, CheeTos.

Foote, Cone & Belding, Chicago—Fritos, O'Grady's, Delta Golds—William McDonough, sr vp-group, Frito-Lay acct exec; Michael Colacchio, acct exec, Frito-Lay, O'Grady's; Steve Little, acct exec, Delta Gold.

Tracy-Locke, Dallas—Doritos, Tostitos, Lay's potato chips, Santitas, allied brands—Howard Davis, president; Mike Rawlings, sr vp-overall acct exec, Janet Buston, Eileen Little, Tom Gooch, acct execs.

KENTUCKY FRIED CHICKEN CORP.
Louisville, Ky.

Corporate Personnel

Richard P. Mayer, chmn-ceo
Steven V. Fellingham, president, KFC Intl
Donald E. Doyle, president, KFC/USA
Donald E. Parkinson, exec vp, home delivery group
Fredric Reynolds, sr vp-finance & control, cfo
Olden C. Lee, sr vp-human resources
Gregg M. Reynolds, vp-public affairs

Marketing Personnel

Michael J. McGraw, exec vp-worldwide svcs
Roger H. Kramer, vp-strategic planning
Lawrence E. Beeson, vp-mktg

Advertising Agency

Young & Rubicam, New York—Fernan Monteiro, group dir; Christopher Becker, Peter Nicholson, Norma Kappler, mgmt supers.

PIZZA HUT
Wichita, Kan.

Corporate Personnel

Steven S. Reinemund, president-ceo
David Novak, sr vp-mktg
David Ropes, vp-adv
Larry Whitt, vp-public affairs
Allan Huston, vp-finance

Advertising Agency

Agency unavailable at time of publication.

TACO BELL
Irvine, Calif.

Marketing Personnel

John E. Martin, president-ceo
Jim Loser, sr vp-mktg
George Reynolds, vp-adv
Steve Carley, vp-field mktg
Art Redmond, dir-mkt rsch

Advertising Agency

Tracy-Locke, Los Angeles—Ted S. Burnett, president-ceo; Jim Walker, exec creative dir; Lisa Kleckner, creative dir; Tom Morris, dir-client svcs; Blaise Bercadante, dir-strategy & rsch; Ronnie Greenfield, media dir; Ken Gal, Mary Amani, Janine Seehoff, acct supers.

Pfizer Inc.
New York

RANK
49

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	4,476	4,025	11.2
Net income	660	580	13.8
U.S.	**1986**	**1985**	**% chg**
Sales	2,483	2,343	6.0
Operating profits	684	613	11.6
Advertising	171	158	8.0
Division sales	**1986**	**1985**	**% chg**
Health care	2,878	2,516	14.4
Agriculture	492	473	4.0
Specialty chemical	416	392	6.1
Materials science	327	301	8.6
Consumer	365	343	6.4

Pfizer Inc., best known among consumers for its heavily advertised consumer products lines such as Ben-Gay and Barbasol, ventured into a new advertising area in 1986—advertising ethical pharmaceutical products in consumer publications.

Pfizer broke into new territory in 1986 when it advertised Diabinese in the February issue of *Reader's Digest*. The one-page ad for the oral hypoglycemic drug marked the first time a pharmaceutical company had run an ad naming a prescription drug in a major magazine. The ad was an attempt to stall market erosion and to promote the brand name. The ad also ran in *50 Plus* and *Mature Outlook*. According to measured ad figures, Pfizer devoted a budget of $80,000 to Diabinese.

Pfizer's Roerig division also used ads for Glucotrol, a hypoglycemic, in *Golden Years*, a magazine targeted at the elderly in Florida. These campaigns result from the lifting of a moratorium on these types of ads by the Food & Drug Administration.

In Pfizer's consumer products division, its fourth largest segment in sales, spending remained strong behind Visine, up 5.6% to $13.3 million, according to BAR/LNA. Although Visine is the market leader in ocular decongestants, that segment of the market is in a competitive battle against ocular tears, and Visine will have a tough fight ahead, say industry analysts.

Media spending for the Barbasol brand was $1.9 million, down 26.9%. As a brand, including deodorants (launched in 1983), Barbasol's sales rose 15%.

Total spending behind Ben-Gay was also down, declining 15.9% to $6.9 million. Sales climbed 8%, boistered by line extensions including Ben-Gay Sports-Gel and Ben-Gay arthritis foam. The greatest spending was behind the ointment, although $3 million was earmarked for the sports gel. Ben-Gay, which is handled by McCaffrey & McCall, New York, will add Extra Strength Ben-Gay Sports-Balm in 1987.

For Desitin and Rid—other brandnames falling under Pfizer's consumer products umbrella—spending jumped from only $172,000 to almost $1 million. Rid is the market leader in the $50 million pediculosis market, with an estimated 50%-plus share in the over-the-counter segment of the business.

For Coty U.S., weak retail sales during Christmas 1985 dampened new orders. However, the $5 million ad launch of Lady Stetson, plus the Chateau Collection of fragrances, helped fuel a 17% sales growth for the division. The Chateau Collection was backed with measured spending of $3.3 million. Lady Stetson received just over $5 million in measured support—primarily in network TV. Total Coty brand spending, including Emeraude and Stetson, reached $23.2 million.

According to retailers, Stetson was the No. 1 mass brand of fragrances during Christmas 1986. Lady Stetson placed among the top eight women's fragrances at mass retailers. The division's Emeraude appears to be enjoying a resurgence in popularity. Some of that may be tied to an increased spending budget of $3.6 million, up 33.3%. For 1987, Coty will launch a new men's fragrance called Iron, to be backed by an estimated budget of $4 million.

Unisom, a sleep aid, experienced an increase of 15% in sales in 1986, aided by the successful launch of Unisom Dual Relief, a product that addresses headache and sleeplessness. Dual Relief received $2 million in support. Unisom sleep aid was backed by almost $5 million—a slight increase over 1985.

During the year, Pfizer, which had lost out in the bidding for Richardson-Vicks in 1985, purchased Infusaid Co. and Intermedics/Infusaid Inc. for $21 million, and paid $56 million for the remaining interest in Angiomedics Inc. Infusaid produces implantable and external infusion pumps; Angiomedics is a manufacturer of diagnostic and therapeutic products used in the treatment of cardiovascular disease.

Pfizer's healthcare business grew 14.4% in sales, outpacing all other Pfizer divisions. That segment accounted for 64% of corporate net sales.

Major drugs in the division include Feldene, Procardia, Minipress, Cefobid and Glucotrol. Feldene's sales rose 17% in 1986, to $509 million, to remain the world's largest-selling prescription anti-inflammatory drug. Sales of Procardia, a calcium channel blocker used in the treatment of angina, were up 23% to $269 million. Sales of Minipress, an alpha blocker, rose 12% to $233 million. Cefobid's sales jumped 23% to $178 million.

Diabinese sales declined slightly in spite of advertising, probably due to continued introductions of generic versions of Diabinese, which is no longer covered by patent. Sales of Glucotrol, an oral hypoglycemic, jumped 87% worldwide to $56 million.

The Pfizer Chemical Products division submitted its sweetening agent, alitame, to the FDA for marketing approval. Alitame is said to be sweeter than other sweetening agents, and it's reportedly easier to use in low-calorie foods for which artificial sweeteners are not currently used.

In Pfizer's agricultural division, Terramycin led the pack and helped contribute to a 7% increase in sales. In mid-1986, Rumatel, a dewormer, was launched.

There were numerous account changes at Pfizer, especially in the pharmaceutical, laboratory and Roerig divisions, where promotion is made very difficult by the specialized nature of the products. Carrafiello, Diehl & Associates, Irvington, N.Y., was dropped from the advertising roster, as was John Paul Itta Inc., New York, and Klemtner Advertising, New York.

There was less upheaval in the corporate suites with the management team of Chairman Edmund T. Pratt and Gerald D. Laubach, president, retaining most key personnel. That was a pleasant change following the blow in 1985 of losing pharmaceutical division President Sheldon G. Gilgore to G.D. Searle—a company Pfizer had unsuccessfully attempted to purchase in 1985.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	225	720
Magazines	20,775	16,729
Newsp. supp.	75	72
Bus.pubs.	3,294	3,166
Farm pubs.	1,067	914
Network TV	41,548	38,552
Spot TV	1,258	2,653
Outdoor	2	99
Network cable	296	531
Total measured	68,540	63,463
Unmeasured	102,600	95,000
Total	171,139	158,463

PFIZER INC.
235 E. 42nd St.
New York, N.Y. 10017
(212) 573-2323

Corporate Personnel

Edmund T. Pratt Jr., chmn-ceo
Gerald D. Laubach PhD., president

PFIZER AGRICULTURAL PRODUCTS

Corporate Personnel

R.M. Hendrickson, president
W.P. Crawford, exec vp

Marketing Personnel

E.T. Hughes, vp-sales
R.N. Fountain, vp-mktg
J.F. Muren, vp-operations
J.H. Hughes, mktg mgr, comm
R.G. Klein, mktg mgr-rsch
L.W. Seim, group prod mgr
E.C. Iannazzi, adv mgr
W.C. Wehr, adv mgr

Advertising Agency

Rumrill Hoyt, Rochester, N.Y.—Jim Baxter, acct super; Jeff Rudd, acct exec.

PFIZER CONSUMER PRODUCTS

Corporate Personnel

J.F. Harmon, president

LEEMING/PACQUIN DIVISION

Marketing Personnel

J.F. Anderson, sr vp
R.L. Unger, vp-mktg
T.F. Coughlin, vp-sales
H.K. Gray, vp-purchasing & packaging devel

Advertising Agencies

Avrett, Free & Ginsberg, New York—Unisom, Don Bandman, exec vp, Marlene Wheeler, acct super.

Backer Spielvogel Bates Worldwide, New York—Visine, Visine A.C., Rid, Bonine—Lee Hines, exec vp; Zealie Van Raalte, acct super.

McCaffrey & McCall, New York—Ben-Gay, Desitin, Pacquin, Rheaban—Burtis Flounders, mgmt super.

COTY DIVISION

Marketing Personnel

J.T. Markowski, vp-mktg
J.L. Abernathy, sr vp-sales
J. Webster, vp-sales
W.T. Doran, vp-rsch & devel

Corporate Media Buying

Adforce Inc., New York—media planning & buying activities—Robert Geller, president;

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John McAvity, vp-broadcast; Martin Gennusa, vp-media.

Advertising Agencies

Hicks & Greist, New York—Lady Stetson, Sophia, Iron, Overnight Success, cosmetics—Jose Schreick, acct exec.

Warwick Advertising, New York—Emeraude, Stetson—Mary Nugent, acct exec.

PFIZER CHEMICAL PRODUCTS

Corporate Personnel

D. E. Kolowsky, president

Marketing Personnel

D.F. Farley, sr vp-operations
P.J. Regan, vp-operations
W.D. Benfer, vp-U.S. sales
F.P. Chapman, vp-field operations
Vincent DeGennaro, dir-adv & promo

PFIZER PHARMACEUTICAL PRODUCTS

Corporate Personnel

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P.G. Tombros, exec vp

Marketing Personnel

J.T. Curti, sr vp-medical & pharmaceutical devel
J.N. Arvesen, dir-mktg rsch & planning

PFIZER LABORATORIES DIVISION

Marketing Personnel

G.N. Jortner, exec vp-dir opertions
W.J. Robison, vp-sales
W.B. Surran, dir-mktg services

Advertising Agencies

Cline Davis & Mann, New York—Diabinese, Minizide—Jack Slonaker, vp-acct super.

Dorritie & Lyons, New York—Minipress, Feldene, Procardia, Navine, Protropin, Toranaite—John Dorritie, president; Jim Stroup, sr vp, dir-client relations.

ROERIG DIVISION

Marketing Personnel

K.L. Katen, vp-dir operations
H. McCrorie, vp-sales

Advertising Agencies

Cline Davis & Mann, New York—Glucotrol, Sinequan, Unasyn, branded ethical prods—Jack Slonaker, vp; Jed Beitler, vp-acct super; Phill Roselin, acct super; Susan Miller, acct exec.

Dorritie & Lyons, New York—Cefobid—John Dorritie, president.

PFIZER HOSPITAL PRODUCTS

Corporate Personnel

E.C. Bessey, president-ceo
D.M. Fitzgerald, sr vp-worldwide orthopedics, president-Howmedica Inc.
R. DiDomenico, vp-mktg planning

PFIZER MATERIALS SCIENCE PRODUCTS

Corporate Personnel

D.R. Thacker, president

MINERALS, PIGMENTS & METALS DIVISION

Corporate Personnel

D.R. Thacker, president
W. Nazarewicz, vp-minerals
P.A. Guercio, vp-metals

Marketing Personnel

W.A. Wilkinson, vp-pigments, magnetics, iron oxide

Corporate Media Buying

Adforce Inc., New York—Robert J. Geller, president; John M. McAvity, vp-broadcast; Martin J. Gennusa, vp-media.

QUIGLEY CO.

Corporate Personnel

D.R. Thacker, chmn
J.C. O'Donoghue, president
D.R. Holmes, vp-intl operations

Marketing Personnel

R.M. Galloway, vp-sales & mktg

AD FORCE INC.

Corporate Personnel

Robert J. Geller, president
John M. McAvity, vp-broadcast
Martin J. Gennusa, vp-media

Philip Morris Cos.

RANK **2**

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	25,409	15,964	59.2
Net income	1,478	1,255	17.8
U.S.	**1986**	**1985**	**% chg**
Sales	17,568	11,496	52.8
Operating profits	3,278	2,540	29.1
Advertising	1,364	1,359	0.4
Division sales	**1986**	**1985**	**% chg**
Tobacco	12,691	10,500	20.9
Beer	3,054	2,925	4.4
Food	9,664	1,600	504.0
Other	N/A	868	N/A

Advertising growth at Philip Morris Cos. was minimal in 1986 as its General Foods division threatened to cut commissions and sought greater regional input in advertising and as P-M sold off its heavily-advertised 7UP unit.

PepsiCo was the intended home for 7UP at a price of $380 million, but the plan was scuttled by the Federal Trade Commission in January 1986 on antitrust grounds. Cutthroat competition in the $30 billion soft drink market prompted P-M's decision to divest 7UP, bought in 1978 for $520 million. 7UP's share has been declining annually to its current (in 1986) 5.2% share.

Dallas-based investment group Hicks & Haas ultimately bought the domestic-only operations of 7Up for $240 million. Added to H&H's Dr Pepper business purchased in 1985, the two give H&H a solid No. 3 share in soft drinks. In July 1986, P-M sold 7UP's international soft drink business to PepsiCo.

By far P-M's largest business is its tobacco products. With $12.7 billion in 1986 sales, P-M's cigarette unit sales grew 0.5% in a market declining at an annual rate of 2.1%. Marlboro, the No. 1 brand in U.S., with sales of more than $4 billion a year, continued to command 22.9% of the category in 1986. Measured spending for the Marlboro line topped $84 million, according to BAR/LNA, about equal with 1985 spending.

According to John Maxwell Jr., analyst with Furman, Selz, Mager, Dietz & Birney, New York, P-M's brands held 36.8% of market vs. 35.9% in 1985. Two other P-M brands were among the top 10 sellers—Benson & Hedges and Merit holding with 4.4% and 4.0% shares, respectively. Overall, rival R.J. Reynolds' brands held 32.4% of market, followed by Brown & Williamson with 11.5%, Lorillard with 11.5%, American Brands with 7.2% and Liggett & Myers with 4.0%.

Generic and low-price cigarette brands continued to grow, accounting for $876 million in sales, or 8.9% of the market in 1986. P-M competitor RJR's success with Doral, which gained a 1.3% share since its introduction in late 1984, encouraged P-M to roll out Cambridge Lights and Player's Lights 25's in 1986. Combined with its Century 25 line, P-M rival RJR held nearly 26% of all cut-rate cigarette sales, representing $225 million in sales.

By the end of the year, however, P-M had made strides toward evening the stakes. Its Cambridge and Players brands captured 11.6% of the off-price category. P-M had to spend heavily to carve its niche, spending $10 million in 1986 measured spending via agency Leo Burnett.

P-M put its $55 million ad budget for Benson & Hedges, the fifth largest selling cigarette brand, up for review in June. The brand had lost market share equaling about $100 million in sales over several years. Wells, Rich, Greene, New York, retained the account, fending off pitches from Backer & Spielvogel (now Backer Spielvogel Bates), agency for the $11 million Parliament business, and Burnett, agency for some $235 million in measured spending for Merit, Virginia Slims, Alpine, Saratoga, Marlboro and Cambridge.

In May 1986, P-M's Milwaukee-based subsidiary, Miller Brewing Co., rolled out Miller High Life Genuine Draft. Miller, the nation's second largest brewer with a 21.3% market share, is led by No. 2 ranking Miller Lite (10.5% share) and No. 3 Miller High Life (5.9% share), according to Emanuel Goldman, partner at Montgomery Securities, San Francisco. Anheuser-Busch's Budweiser continued its chokehold on the market with 26.8% of all domestic beer production. Miller's shipments of 38.7 million barrels in 1986 was a 4.3% increase over the prior year, its first significant gain in four years.

Genuine Draft, handled by Backer Spielvogel Bates, New York, received $37.7 million in measured spending in 1986, compared to Miller Lite's $76.8 million, up 9.7% from 1985.

Miller High Life barrelage fell 14% as market share dropped from 7.1% to 5.9%. Still sporting the "Made the American Way" campaign begun in 1985 by J. Walter Thompson, Miller High Life was supported with $56.3 million in measured spending, down 10.2%.

Miller's second-tier price-brands, Meister Brau and Milwaukee's Best, also are handled by Backer Spielvogel Bates. Meister Brau received $11 million in measured 1986 spending, according to BAR/LNA, down 17%. Testing began on premium entry, Gettleman Lager Beer and on Plank Road Original Draft. Backer handles Gettleman and Chiat/Day, New York, handles Plank Road. Despite $3 million in

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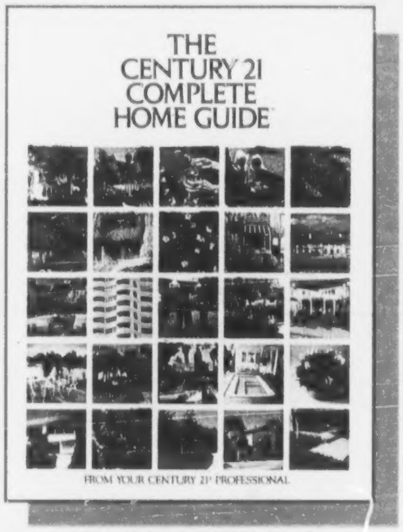
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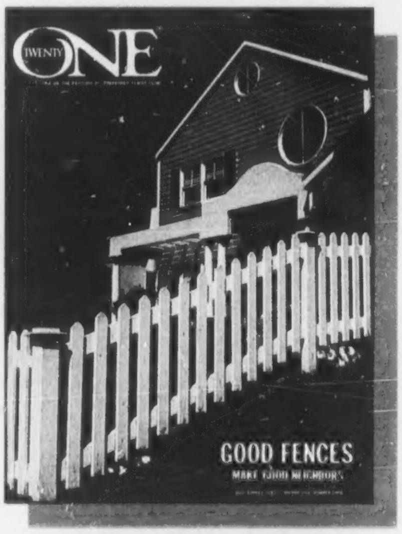

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*SMRB, 1985/1986 SURVEY **SOURCE: N.A.R., AUGUST, 1985 SURVEY

spending for Plank Road, testing discontinued. Gettleman remains in test.

P-M's food sales for 1986 were $9.66 billion, the company's first full year of results from General Foods Corp. since it was purchased by P-M in 1985.

In June 1986, the GF unit shifted its Maxim and Mellow Roast coffee brands out of Ted Bates Worldwide (now Backer Spielvogel Bates) to Ogilvy & Mather, New York, as a result of Bates' acquisition by London-based Saatchi & Saatchi PLC. Another of S&S's units, Saatchi & Saatchi DFS Compton, handles rival P&G's High Point coffee.

Three months later, GF also moved from Bates $5 million in Log Cabin syrup billings and $20 million in Louis Rich turkey, luncheon meats and Good Seasons dressings advertising to D'Arcy Masius Benton & Bowles, New York.

The second move was said to be an indirect response to the acquisition, since GF felt it could not grow further with Bates, because of conflicts with other Saatchi agencies.

In November 1986, citing "cost efficiencies," Rye Brook, N.Y.-based GF consolidated its $60 million spot TV buying assignments at Grey Advertising and Ogilvy & Mather, both New York. As a result, Y&R and DMB&B lost $8 million each in spot assignments, but retained network TV daytime and prime-time buying, respectively.

GF also became one of the first advertisers on Rupert Murdoch's Fox Network, committing $750,000 for Joan Rivers' late night talk show.

In 1987, GF began considering cutting its agency commissions to below the 15% level. Its major agencies, DMB&B, Grey, Ogilvy & Mather and Y&R would be affected.

As a result, these agencies were said to be formulating contingency plans to take to GF that included a more relaxed conflict policy.

GF's bottom line growth was hampered by fluctua[illegible] the international coffee market, wh[illegible]fered from underproduction (and resultant high prices) in 1985, then from overproduction (and low prices) in 1986. Activity was particularly hot in the decaf segment, where GF went to war with Nestle. In early 1987, Nestle broke Taster's Choice spots hailing its natural decaffeination—and disparaging its competitiors decaffeination process—via HBM/Creamer, Pittsburgh. GF then began a $20 million campaign for Sanka, the decaf market leader, touting its "pure mountain water and natural effervescence." Young & Rubicam, New York, handles Sanka. GF complained about the Nestle spot to the networks, which required Nestle to drop any mention of Sanka in its ads, and brought the spots to the attention of the National Advertising Division of the Better Business Bureau.

General Foods' brands held 37.8% of the regular coffee segment in 1986, compared to 27.5% for Procter & Gamble's lone entry Folgers, and 8.6% for Nestle's Hills Bros. brands. GF holds 42.6% of the instant coffee segment, according to Mr. Maxwell, compared to Nestle's 26.8% and P&G's 19.5%.

In December 1986, GF rolled national with Brim Roasted Buds, a new product that replaced freeze-dried Brim. The entire Brim line was supported with $10.4 million in measured media in 1986, down 29%. DMB&B handles.

In 1987, GF's Yuban faced a new competitor in the premium coffee segment: P&G's Folger's Colombian Supreme. Yuban, primarily a West Coast brand, was supported with $4.6 million in measured spending in 1986, up from $2.2 million. DMB&B handles. GF's Maxwell House Master Blend was also buffeted with competition when P&G introduced a high-yield brand, Folger's Special Roast Flakes, in March 1986.

By 1987 the failure of the International Coffee Assn. to maintain export quotas of coffee beans led to plummeting coffee prices. GF's Maxwell House, the No. 1 coffee brand with an 19% share in 1986, was particularly hard hit by this development, which forced it to increase promotional spending to the grocery trade at the expense of advertising.

Trying to raise coffee margins, GF began marketing a higher-priced gourmet whole bean roast coffee called Maxwell House Private Collection, to compete in the $330 million gourmet coffee segment. The product, supported by print only via O&M, received $1.2 million in measured spending in 1986. Its primary competition came from Montvale, N.J.-based Great Atlantic & Pacific Tea Co., which introduced Eight O'Clock Royale Gourmet, a 14-variety line, scheduled to roll national by year's end.

The first sign of a Maxwell House divided occurred in April, when Stephen Morris, division president, suddenly resigned due to "philosophical differences" with Robert Seelert, senior exec VP at GF. Mr. Morris was succeeded by Ray Viault, former pet foods division manager. Mr. Viault turned around the pet foods division (Gaines) prior to its sale to Anderson, Clayton & Co.

Ironically, GF's advertising cutback at O&M came not long after that agency had developed spots for Maxwell House Instant Coffee featuring youthful actors and actresses, including Justine Bateman and Mariel Hemingway. The commercials took top honors in ADVERTISING AGE's Adwatch Survey for October 1986, which measures top-of-mind advertiser awareness among the public.

Tampering again haunted GF in 1986. Jewel Food Stores, Chicago, received an anonymous call claiming sugar-free Jell-O packages in its Chicago stores had been laced with cyanide. None was found as GF pulled the products in Chicago and several other markets.

The Jell-O name was extended in the $150 million and growing frozen novelty segment in 1986. Jell-O Fruit & Juice Bars were moved into 80% of the country, and Jell-O Gelatin Pops joined Jell-O Pudding Pops. In early 1987 another GF franchise—Crystal Light Fruit & Juice Bars—joined the frozen novelty fray.

GF spent $10.1 million in measured spending on Jell-O Fruit Bars in 1986. Spending for Gelatin Bars was $5.6 million, down 37% from 1985. Frozen Pudding Pops were supported with $5.2 million in measured spending, down 42%.

The Jell-O name also moved from food to clothing as GF licensed the moniker for a line of children's sportswear to Garan Inc., marketer of Garanimals, for fall 1987. Marketing/Trade Communications handled the licensing effort.

GF's Post cereal lines, holding 12% of the $4.5 billion cold cereal category, continued to rank third behind No. 1 Kellogg (42%) and No. 2 General Mills (24.1%). The company moved to strengthen its position by reviving its Crispy Critters children's cereal with an effort breaking in August 1987.

GF also is reviving Sugar Bear, its mascot for Super Golden Crisp cereals, with an ad and promotion campaign sponsored with the American Film Institute. O&M handles Super Golden Crisp; the promotion was handled by Markham/Novell Communications, New York. Measured spending for Super Golden Crisp was $1.2 million in 1986.

In adult cereals, GF broke a new campaign via Grey Advertising for Post Natural Brand Flakes, estimated at $7 million. The spots targeted the over-50 age group with celebrities Steve Allen and "Golden Girl" Rue McClanahan. The company also extended its Post Fruit & Fibre with a peach-flavored variety in August 1987. GF's Fruit & Fibre held a 1.6% dollar share of the cold cereal market in 1986, third in the Post line-up behind Raisin Bran's 2.0% and Grape-Nuts' 1.7%. Measured spending for Fruit & Fibre was $15.3 million in 1986, down 11%. Grey handles.

Post held the second-largest share behind Kellogg of the bran/fiber segment in 1986, with 32.7% share.

In powdered soft drinks, GF's Kool-Aid, with a 70% share of the $800 million market, extended its line with Kool-Aid Koolers, a 20%-juice added aseptic drink. The rollout in August was supported with $10 million in advertising and $6 million in promotion, featuring teen rock group The Jets.

Although Grey is Kool-Aid agency of record, in July 1986 GF assigned a local TV campaign in New York to the Garth Group, a New York-based political consultancy. The assignment could prove to be a precursor for GF, which is trying to expand its businesses regionally beginning with a test in Denver. According to GF President-CEO Philip Smith, the test, if successful, could result in brands being handled by regional managers who would control a portion of the marketing, promotion and ad budgets traditionally handled by a home office brand manager. It could also result in local agencies handling local advertising and promotional campaigns.

GF also began a Dallas test of Supri, a calcium-fortified, sugar-free drink mix in five fruit flavors. Support is provided by TV and print ads, via O&M. Measured spending was $1.1 million in 1986. The company also tested Tang Fruit Boxes, an aseptic entry with 30% fruit juice, in the Southwest. O&M is the agency.

Lipton, Nestle and GF raced to market with fruit teas, a cross between iced tea and fruit-flavored powdered soft drinks, in 1986. GF markets its fruit tea under the Crystal Light name, introducing the line with $8 million in spending. By 1987, however, the market had failed to produce significant results, accounting for only $48 million in sales for all three brands, and GF took a distant second place in the segment with 25% behind Nestle's 50%. As a result, GF trimmed its measured ad spending for the line to $1.7 million in 1986. D'Arcy Masius Benton & Bowles, New York, handles.

In the prepared foods category, GF introduced three new lines in 1986. In the frozen dinner segment, the company via Y&R began a Rockford, Ill., test of Birds Eye Fresh Creations, frozen dinners packaged in a three-pouch cooking system. In fresh prepared foods, it regionally marketed Culinova, a pricey refrigerated dinner line, via a Hawthorne, N.Y. venture group of GF execs and DMB&B. And in shelf-stable foods, the company via Grey began testing a shelf-to-oven dinner, Impromptu.

GF also began marketing a frozen Ronzoni dinner line in 1986, handled by Y&R, and expanded its Ronzoni offerings with a refrigerated pasta and sauce line testing in Cincinnati.

Philip Smith, president of P-M's General Foods unit, was named chairman GF, succeeding James Ferguson as of Jan. 1, 1987. The following month, Mr. Smith was named a vice-chairman of the corporate parent. The succession suggested that Mr. Smith is a serious contender to succeed Hamish Maxwell, P-M chairman-ceo, now 60, when he retires.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	57,590	78,031
Magazines	230,130	214,512
Newsp. supp.	17,307	19,601
Bus pubs	2,986	1,439
Farm pubs	267	0
Network TV	342,444	323,144
Spot TV	134,725	126,541
Network radio	7,750	2,076
Spot radio	33,226	25,808
Outdoor	61,283	65,479
Network cable	22,186	20,732
Total measured	909,893	877,362
Unmeasured	454,573	481,209
Total	1,364,467	1,358,571

PHILIP MORRIS CO.

120 Park Ave.
New York, N.Y. 10017
(212) 880-5000

PHILIP MORRIS USA

Marketing Personnel

William I. Campbell, exec vp-mktg & sales
David E.R. Dangoor, vp-mktg
James L. Thompson, vp-media
Vincent J. Buccellato, vp-sales
John J. Gillis, sr vp-trade devel
Edwin J. McQuigg, vp-sales devel
Jon N. Zoler, dir-mktg rsch
Ellen Merlo, group dir-mktg promos
Richard L. Stirlen, dir-brand mgmt, Marlboro, Benson & Hedges
James Spector, dir-brand mgmt, Merit, Virginia Slims
Louis Suwarna, dir-brand mgmt, new prods
Daniel Tso, dir-brand mgmt, Cambridge, Players
Lawrence S. Wexler, dir-mktg planning
Claude A. Beck, dir-media
Barbara A. Reuter, asst to vp-sales
Esther L. Fortner, mgr-special media
Carolyn J. Levy, asst dir-consumer rsch
Arthur J. Goldfarb, mgr-mktg analysis
William K. Cutler, dir-merch materials
Howard S. Goldfrach, dir-consumer promos
Cathy L. Leiber, dir-event promos
J. David Mackey, mgr-direct mktg
Diane Desfor, mgr-mktg promos, Virginia Slims
Celestia L. Kohl, mgr-mktg promos, Marlboro
Emmie Sue LaBauve, mgr-mktg promos, Benson & Hedges, Merit
Nancy E. Brennan, brand mgr, Marlboro
Renee V. Simons, brand mgr, Benson & Hedges
James A. Scully Jr., brand mgr, Merit
Herbert H. Foster III, brand mgr, Virginia Slims
Susan H. Alter, brand mgr, new prods
Irene Y. Bick, brand mgr, Parliament
Arthur J. Raporte, brand mgr, Cambridge
Richard J. Camisa, brand mgr, Players

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Parliament—Joe Prior, sr vp-group mgmt rep; Chuck Nemetz, mgmt super; Patricia Hartigan, asst acct exec.

Leo Burnett USA, Chicago—Marlboro, Merit, Virginia Slims, new prods—James Oates, exec vp-acct dir; Peter Volz, acct dir.

Wells, Rich, Greene, New York—John Costello, exec vp-acct group head; Ila Clarkson, sr vp-mgmt super; Arnold Weinrib, sr vp-promo dir; Vince Minicucci, sr vp-acct controller; Lisa Patrick, acct super, B&H; Mark Lane, acct super, new prods; Harry Kannar, asst acct controller; Meg Malone, acct exec, B&H; Irene Cyprus, acct exec, B&H, new prods.

PHILIP MORRIS INTERNATIONAL

New York

Marketing Personnel

Elizabeth Butson, vp-mktg svcs
Franklin Caton, mgr-mktg support svcs
Alice Liu, mgr-mktg rsch

Advertising Agency

Leo Burnett USA, Chicago—William Whitman, acct dir.

MILLER BREWING CO.

Milwaukee, Wis.

Marketing Personnel

Robert A. Toledo, vp-brand mgmt
Leonard J. Goldstein, sr vp-sales
Jerome F. Schmutte, group prod dir, Miller High Life, Genuine Draft, new prods
William H. Barrett, dir-mktg services
Tamara J. Hauck, brand mgr, Lowenbrau
Michael J. Boykin, brand mgr, Meister Brau, Milwaukee's Best, Magnum
Thomas M. Gresk, new prod brand mgr

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Lite, Meister Brau—Robert Calderin, acct dir; Jeffrey Palmer, group mgmt super; Bernie Desmaris, acct exec; Greg Deligolish, asst acct exec. Miller Genuine Draft—Dean Scaros, mgmt super; Andrew Rider, acct super; Mike Russell, acct exec. Milwaukee's Best—Bernie Desmaris, acct exec. Miller Lite—Don Moriarity, acct super; Crosby Renwick, acct exec. Miller corporate—Paul Daniusis, acct super.

Leo Burnett USA, Chicago—new prods—John Kovos, acct dir.

Mendoza, Dillon & Associados, Newport Beach, Calif.—Hispanic adv, Miller Light, Miller High Life, Lowenbrau—Eduardo Del Rivero, vp-acct svcs.

Mingo Jones Advertising, New York—genl & black mktg, Miller High Life, Lite beer—Sam Chisholm, exec vp & genl mgr; Bill McGugins, vp-mgmt super, Miller High Life; Steve McDonald, acct super, Miller High Life & Miller Genuine Draft; Larry Glover, vp-acct dir, Lite; Mark Strachan, acct super, Lite.

J. Walter Thompson USA, Chicago—Lowenbrau—William Howard, sr vp-acct dir; Michael Kahn, Dermid Eagen, acct supers.

J. Walter Thompson USA, New York—Miller High Life—Steven Bowen, genl mgr, exec vp; Tim Arnold, mgmt dir; Marty Susz, acct dir; Janet Coffman, acct super; Karin Render, acct rep.

MISSION VIEJO REALTY GROUP

Mission Viejo, Calif.

Corporate Personnel

Philip J. Reilly, ceo
James G. Gilleran, president
Jack G. Raub, exec vp

Advertising Agency

Green, Martin & Nevins, Costa Mesa, Calif.—William Green, president.

GENERAL FOODS CORP.

250 North St.
White Plains, N.Y. 10625
(914) 335-2500

Corporate Personnel

Philip L. Smith, president-coo
E.R. Shames, sr exec vp
J.W. McVey, group vp-ceo, Oscar Mayer Foods Corp.
R.L. Seelert, sr exec vp
J.C. Tappan, group vp
R. Sansone, group vp
D.W. Johnson, vp-president, ceo Entenmann's

Marketing Personnel

D.F. Hurwitt, vp-mktg svcs
R. E. Haynes, creative svcs dir
D.K. Braun, media svcs dir
W. Shaw, promo svcs dir

BREAKFAST FOODS DIVISION

Corporate Personnel

W.H. Korab, vp-genl mgr

Marketing Personnel

M. Crosby-Jacobs, mktg mgr-cereals
D.J. Justin, devel dir

Advertising Agencies

Grey Advertising, New York—Post Raisin Bran, Grape Nuts, Honeycomb, Grape Nuts Flakes, Fruit & Fibre, 40% Bran Flakes, Crispy Critters—Malcolm Mace, sr vp-mgmt rep; Carolyn Carter, Peter Isaia, mgmt supers. Raisin Bran, Honeycomb, Grape Nuts—Christy Graf, acct super.

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Ogilvy & Mather, New York—Peter Barnet, group dir; Pebbles—Rick Roth, mgmt super; Jill Vellinger, Mary Lynn Vance, acct execs. Super Golden Crisps—Bob Hay, acct super; James Bell, acct exec. Alpha Bits—Rick Roth, mgmt super; Jill Vellinger, Susan Rice, acct execs. New prods—Bob Hay, acct super.

ENTENMANN'S INC.

Corporate Personnel

D.W. Johnson, GF vp, president-ceo
T. Romig, vp-mktg & sales

Advertising Agency

D'Arcy Masius Benton & Bowles, New York—Abraham Dan, acct dir; Tom Lentz, acct super; Tom Whitesell, acct exec.

MAXWELL HOUSE DIVISION

Corporate Personnel

R.G. Viault, president

Marketing Personnel

P.W. Robinson, mktg mgr

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Brim, Yuban—William Badger, acct dir; Lance Smith, acct super.

Ogilvy & Mather, New York—Master Blends—Peter Barnet, group dir; Mary Ellen Kiselick, mgmt super; Mark Greene, Christina Schneider, acct execs. Private Collection—Peter Barnet, group dir; Mary Ellen Kiselick, mgmt super; Marjorie Kaplan, acct super; Christina Schneider, acct exec.

Young & Rubicam, New York—Sanka, International coffees, Gevalia—Larry Shapiro, group dir; Steven Brookstein, mgmt super; Kim Bealle, acct super.

FOOD SERVICE PRODUCTS DIVISION

Corporate Personnel

A.R. Plassche, GF vp, div president

Marketing Personnel

E.S. Caso, operating & logistics dir
J.M. Harran, planning & devel dir

BEVERAGE DIVISION

Corporate Personnel

W. Korab, GF group vp, genl mgr

Marketing Personnel

D.A. Smith, business unit mgr
A. Fudge, mktg mgr

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Crystal Light, new prods—Tom Carey, mgmt dir.

Grey Advertising, New York—Kool-Aid, Diet Sun—Malcolm Mace, mgmt rep; Carol Herman, mgmt super; Hal Fass, acct super, Kool-Aid.

Ogilvy & Mather, New York—Country Time—Peter Barnet, group dir; Curtis LeSage, mgmt super; Matt Thornhill, acct super; James Bell, acct exec. Tang—Peter Barnet, group dir; Curtis LeSage, mgmt super; Alice Wheelwright, acct exec.

DESSERTS DIVISION

Corporate Personnel

B.G. Laragh, GF vp, group exec
G.J. Hermann, vp-established brands

Marketing Personnel

D.A. Smith, mktg mgr-established brands
Rick DeSantis, mktg mgr-frozen novelties

Advertising Agencies

D'Arcy Masius Benton & Bowles, New York—Tom Carey, mgmt dir; William Badger, acct dir; Lance Smith, acct super.

Grey Advertising, New York—Baker's chocolate, coconut, D-Zerta, Dream Whip, Minute Tapioca, Sure-Jell, Whip, Soft Swirl—Jack Frantz, sr vp-mgmt rep; Brenda Hanrahan, Peter Scott, acct supers.

Young & Rubicam, New York—Jell-O desserts, Jell-O frozen novelties—Larry Shapiro, group dir; Rick Bodge, mgmt super; Christopher Ponzio, Fran Gormley, acct supers.

MEALS DIVISION

Corporate Personnel

C.J. Bowen, group vp, genl mgr
L.D. Juliber, vp-convenience meals

BIRDS EYE AGRICULTURAL UNIT

Corporate Personnel

C.A. Adamo, mgr

Advertising Agency

Young & Rubicam, New York—Birds Eye frozen vegetables, fruits—Larry Shapiro, group dir; Neils Menko, mgmt super; Eddie Bender, acct super.

DRY GROCERY PRODUCT UNIT

Marketing Personnel

L.D. Juliber, mgr

Advertising Agency

Grey Advertising, New York—Minute Rice, Minute Rice mixes, Stove Top stuffing mix, Oven Fry coating, Impromptu—Jack Frantz, sr vp-mgmt rep; Jerry Zaret, mgmt super.

RONZONI FOODS CORP.

Corporate Personnel

R. Ronzoni, president

Marketing Personnel

R.J. Pizzuti, mktg mgr

Advertising Agency

Young & Rubicam, New York—pasta, other prods—Larry Shapiro, group dir; Neils Menko, mgmt super; Sheldon Lipton, acct super.

OSCAR MAYER FOODS

Madison, Wis.

Corporate Personnel

J.W. McVey, GF vp, div president

Advertising Agency

J. Walter Thompson USA, Chicago—Jerry Johnston, vp-acct dir; Kimberly Miller, Corrine Sidler-Donewald, Clark Murray, acct supers; Eric Huvendick, Diane Kucera, Jennifer Lord, John McGrath, acct execs.

LOUIS RICH

Marketing Personnel

Bryan Stockton, mktg mgr

Advertising Agency

D'Arcy Masius Benton & Bowles, New York—Ray Marione, acct dir; Stu Upton, acct super; Allen Bosworth, acct exec.

RANK
16

Pillsbury Co.

Minneapolis

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	6,128	5,848	4.8
Net income	182	208	(12.5)
U.S.	**1986**	**1985**	**% chg**
Sales	5,510	5,374	2.5
Operating profits	437	484	(9.7)
Advertising	495	477	3.7
Division sales	**1986**	**1985**	**% chg**
Food	3,364	3,185	5.6
Restaurants	2,764	2,663	3.8

Despite its first decline in net income in 16 years, Pillsbury Co. continued to increase—if moderately—its overall advertising and promotion budget in fiscal 1987 over the prior year as it made major changes in its agency lineup.

The sudden end to Pillsbury's 15-year streak of earnings increases was caused by problems in the restaurant division, associated restructuring charges in that division and a higher federal tax rate for the year. In the restaurant division, sales increase 3.8% and operating profits skidded 28% to $219 million for the fiscal year.

Results were better in the foods division, which showed a 6% increase in sales although a substantial 18.8% jump in operating profit to $246 million. In a restructuring that reflects the continual shrinking of its commodities business, Pillsbury moved this year to incorporate that segment into its foods division.

During calendar 1986, measured advertising rose 5.4% to $260 million—with 88% of total spent on TV alone, according to BAR/LNA, which monitors network TV and spot TV in addition to four other media. Of the TV expenditure, $165 million was spent on Burger King.

Nevertheless, Pillsbury spent less money on TV advertising in 1986 than it did in the previous year. BAR/LNA shows a 1% drop in spending between the two years.

Pillsbury itself reported it spent $570 million for domestic advertising and promotion in fiscal 1987, an increase of 1% over fiscal 1986. Worldwide advertising and promotion expenditures, which include some selling costs, remained comparatively flat, increasing only 3% to $637 million—considerably lower than the 28% growth from 1985 to 1986.

It was a quiet year for Pillsbury in acquisitions. "We're paying down our debt and digesting our fiscal 86 purchases," a company spokesperson reported. Pillsbury made the largest acquisition in its history in May 1985 when it purchased Diversifoods, an Itasca, Ill.-based restaurant holding company that included the nation's largest Burger King franchisee. Jeno's pizza, Joan of Arc canned goods and French's potatoes also came aboard in fiscal 1986.

In consolidating its acquisition gains, Pillsbury was kept busy in fiscal 1987, especially in the restaurant division which showed signs in the second quarter of turning in a lower profit than expected.

The restaurant division breaks down into two segments: fast-food restaurants such as Burger King and Godfather Pizza, and full-service restaurants, such as Steak & Ale and Bennigan's.

During the past five years, restaurants have provided an increasing percentage of the company's operating profit, reaching the 60% mark in fiscal 1986. In fiscal 1987 that percentage dropped sharply to 47%, prompting one company executive to claim, "If you are not a little concerned, then you don't understand the situation."

Of Pillsbury's three major restaurant chains, only Godfather Pizza showed improvement. The pizza chain has pulled off a turnaround, with average restaurant sales

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Marketplace '87

*Ref. POPAI's 1986 Supermarket Consumer Buying Habits Study

up 11% from the prior year. By contrast, Burger King's average domestic restaurant sales were unchanged from 1986 and average unit sales declined 2%. Steak & Ale posted a loss in the fiscal year.

While the Restaurant Group was having a disappointing year, the Foods Group was having an excellent one. Market leadership, a diversified product mix and successful integration of prior-year acquisitions contributed to a 19% increase in operating profit to $246 million. The industry leader in microwave technology, Pillsbury continues to capitalize on this experience with new products.

Products in the Foods Group continue to dominate market share in most of their market segments. For example, in the prepared dough division, referred to by one analyst as the gem of the company, market share levels of key products reached 10-year highs.

Each of the company's major products in this division holds the No. 1 market position and all, with the exception of refrigerated biscuits, have at least 80% of market share. Pie crust, bread dough and cookies lead the charge with 99%, 96% and 93%, respectively.

The meals and snacks division has recorded steady growth in sales, volume and profit for the past three years from its diverse mix of product offerings: Totino's and Jeno's frozen pizza, Van de Kamps frozen fish, Pillsbury Microwave and Toaster branded products, and the Azteca line of refrigerated Mexican items.

In agency news, there were major shifts in accounts. Most recently, Pillsbury announced that its Burger King account, held by J. Walter Thompson USA, is up for review with JWT on the shortlist.

Earlier, Young & Rubicam took the $15 million Pillsbury cake mix and frosting business resigned by BBDO Worldwide because of an account conflict caused by its merging into Omnicom Group. Omnicom sister agency Needham Harper (now DDB Needham) holds the $35 million Betty Crocker account from General Mills. Pillsbury followed that move by also transferring to Y&R its $12 million microwave and toaster product accounts.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,346	769
Magazines	7,011	4,675
Newsp. supp	134	0
Bus.pubs	323	254
Network TV	105,052	118,744
Spot TV	125,218	113,426
Spot radio	18,178	11,006
Outdoor	1,340	1,201
Network cable	1,549	728
Total measured	260,150	250,802
Unmeasured	234,727	226,293
Total	494,877	477,095

PILLSBURY CO.
200 S. 6th St.
Minneapolis, Minn. 55402
(612) 330-4966

FOODS

Corporate Personnel

Tom McBurney, chmn
Kent Larson, president

Marketing Personnel

Tom Gartner, vp, growth & devel
Don Osell, vp-mktg svcs
Ron Kos, dir-adv svcs

BAKERY/SWEET FOODS DIVISION

Corporate Personnel

Bob Lindsay, vp-genl mgr
Dan Locke, vp

Marketing Personnel

David Webber, dir-mktg

MEALS & SNACKS DIVISION

Corporate Personnel

Dick Nickel, vp-genl mgr

Marketing Personnel

Dick Anderson, dir-mktg, pizza
Linda Keene, dir-mktg, microwave & toaster prods
Brent Bailey, dir-mktg, fish

VEGETABLE & SIDE DISH DIVISION

Corporate Personnel

Gary Klingl, vp-genl mgr

Marketing Personnel

Larry Wheeler, dir-mktg, shelf stable vegetables
Rebecca Roloff, dir-mktg, frozen & fresh vegetables

PREPARED DOUGH PRODUCTS DIVISION

Corporate Personnel

Mike Paxton, vp-genl mgr

Marketing Personnel

Dudley Hauser, dir-mktg
Jerry Hanna, group vp-industrial foods

HAAGEN-DAZS ICE CREAM
Teaneck, N.J.

Marketing Personnel

Beth Bronner, vp-mktg
James E. Richards, vp-sales

RESTAURANTS

Corporate Personnel

Jeffrey Campbell, chmn

BURGER KING CORP.
Miami, Fla.

Corporate Personnel

Charles Olcott, president

S&A RESTAURANT CORP.
Dallas, Texas
(Steak & Ale, Bennigan's)

Corporate Personnel

Kyle Craig, chnm
Donald J. Slater, president

Marketing Personnel

Lane Cardwell, sr vp-strategic planning
Scott Burcham, vp-mktg, Bennigan's
Holly Young, dir-mktg, Bennigan's
Ginna Domm, mktg mgr, Bennigan's
Norma Karter, mktg mgr, Bennigan's
Nick Castaldo, vp-mktg, Steak & Ale
Ruth Reed, dir-mktg, Steak & Ale
Michael Wille, mktg mgr, Bay Street

GODFATHER'S PIZZA
Omaha, Neb.

Corporate Personnel

Herman Cain, president

Advertising Agencies

Leo Burnett USA, Chicago—Green Giant prods, refrigerated foods, Hungry Jack potatoes & pancakes, Totino's pizza, Jeno's pizza—Bill Boris, exec vp; Edson Sessions, acct dir.

Castor Spanish Int'l—Burger King—Hispanic adv—Castor A. Fernandez, president, creative dir.

D'Arcy Masius Benton & Bowles, Los Angeles—Van de Kamp's frozen seafood and entrees—Andy Bielansky, vp-mgmt super.

GSD&M, Dallas—Quik Wok—Stephen Gurasich, chmn.

McCann-Erickson, New York—Haagen-Dazs—John Dooner, head acct rep; Steve Hurwitz, sr vp-group dir; Dana Ferguson, vp-acct super; Kendra Haaland, acct exec.

Pride, Barber & Pride, Minneapolis—bakery flour, mixes & equipment—William Barber, president, dir client svcs.

SSC&B, New York—Steak & Ale, Bennigan's restaurants—Robert D. Wadsworth, exec vp.

J. Walter Thompson USA, Chicago—Godfather's Pizza—Mark Pearson, sr vp-group acct dir.

J. Walter Thompson USA, New York—Burger King—Stephen G. Bowen Jr., sr vp.

Rosenberg & Co., Dallas—Bennigan's—Trey Morgan, acct exec.

UniWorld Group, New York—Burger King minority adv—Byron Lewis, chmn; Andy Bonaparte, acct exec.

Young & Rubicam, New York—all ready pie crusts, cake and frosting mixes, Pillsbury microwave prods, artificial sweeteners, Figurines.

Procter & Gamble Co.

RANK **1**

Cincinnati

($ in millions)

Worldwide	1987	1986	% chg
Sales	17,000	15,439	10.1
Net income	327	709	(53.9)
U.S.	**1987**	**1986**	**% chg**
Sales	11,805	10,243	15.2
Operating profits	354	634	(44.0)
Advertising	1,435	1,600	(10.3)
Division sales	**1987**	**1986**	**% chg**
Cleaners	5,784	5,348	8.2
Personal care	7,512	6,451	16.4
Food & beverage	2,976	2,923	1.8
Other	1,186	1,161	2.2

Procter & Gamble Co., in its sesquicentennial year, remained the largest national advertiser, although U.S. advertising and promotion expenditures dropped 14.3% to $1.4 billion during calendar 1986. Industry sources note that media expenditures dropped as the company realized savings from its first full-year integration of Richardson-Vicks Inc.

P&G, in the fourth-quarter of its fiscal year, ended June 30, 1987, set the stage for more vigorous growth, restructuring its worldwide manufacturing operations. The cost of restructuring reduced net income by $459 million. Excluding the impact of the reserve to restructure manufacturing operations, net earnings amounted to $786 million, up 11% over net earnings of $709 million the previous year.

John Smale, chairman-CEO, says, "Over the long-term, the restructuring program will result in a stronger, more competitive company and will set the stage for more vigorous growth in the current year and beyond."

A significant portion of the restructuring reflected a sharp curtailment of P&G's Duncan Hines ready-to-eat cookie manufacturing operations, which the company says is related directly to the infringement of P&G's patent technology by three major U.S. cookie marketers—Nabisco Brands, Keebler Co. and Frito-Lay. P&G three years ago filed suit against the three companies in U.S. District Court in Wilmington, Del., charging them with "unfair competitive practices" to obtain information about P&G's baking process.

P&G currently holds a 28.9% share share of the $250 million soft cookie segment, behind Keebler Co.'s 31.3% share for its Soft Batch brand and 38% for Nabisco's Almost Home and Chewy Chips Ahoy brands. Advertising for the Duncan Hines ready-to-eat cookie line was moved in April 1987 to Wells, Rich, Greene, from Grey Advertising, both New York. Measured media spending was $11 million, approximately half the 1985 measured media spending budget.

The restructuring also helps pave the way for P&G's transformation into a healthcare marketer. After spending close to $2 billion in the last five years to acquire Richardson-Vicks, Norwich Eaton Pharmaceuticals and some product lines from G.D. Searle & Co., P&G claims to be the No. 1 over-the-counter drug company. P&G President John Pepper says the company plans in the next decade to boost the ratio of profits from health-related products to 30% from its current 20% contribution level.

Vicks, which consolidated operations in Shelton, Conn., continues to operate as a separate P&G subsidiary, Richardson-Vicks USA, with its president William I. Bergman reporting to P&G's group VP for health and beauty care. John S. Scott, who headed Richardson-Vicks when it was acquired, remains chairman of the subsidiary. He reports to Mr. Pepper.

In June 1987, Vicks added the Bain de Soleil skincare line, acquired from the Revlon Group, to its category-leading Oil of Olay beauty fluid product line.

P&G's other major growth area centers on sucrose polyester, called olestra by the company. In May 1987, the company filed a petition with the Food & Drug Administration seeking approval to market the liquid, which reportedly looks, acts and tastes like a fat, but moves through the body without leaving behind any calories. Industry analysts say olestra could be a $1.5 billion product for the company. FDA action is expected within two years, when P&G would begin marketing olestra as an ingredient of its Crisco and Puritan oils, as well as using it to fry Pringle's potato chips.

P&G says a new unit volume record was established for the domestic consumer product divisions "despite a business climate that was particularly competitive." The company identifies dentifrice and deodorant categories, coffee and fruit juices as recording "notable volume and market share increases."

P&G's three core businesses—soaps and detergents, diapers and toothpaste—still contribute the major portion of sales and profits. And, despite a companywide spending drop, those categories received the greatest portion of measured media spending. According to 11 media measured, P&G advertising for 1986 totaled $883.9 million, down 4.5%. P&G still spends $456.3 million in BAR-measured TV expenditures, $114 million more than No. 2 advertiser Philip Morris Cos.

P&G in 1986 put action behind its tough advertising policies, pulling about $85 million in billings from Saatchi & Saatchi PLC's U.S. units due to conflicts resulting from the Saatchi acquisition spree. The New York agency, Saatchi & Saatchi Compton, which became Saatchi & Saatchi DFS Compton in a merger with sister agency DFS Dorland Worldwide, lost Crisco oil and shortening to Grey Advertising, New York, and lost the Duncan Hines baking mix line to Cunningham & Walsh, New York. Leo Burnett USA Chicago, picked up the Luvs disposable diapers account, and Jordan, McGrath, Case & Taylor, New York, won Bounty paper towels. Both Luvs and Bounty were former DFS Dorland accounts.

P&G's former VP-advertising, Robert Goldstein, who died in an Aug. 1, 1987 rafting accident in British Columbia, explained in an earlier interview that the company's actions were made "due to competitive conflict considerations arising from recent agency acquisitions. We have decided it is in our best interests to assign these brands to other P&G agencies."

Despite the "slap on the wrist" given to Saatchi, the agency still has about $120 million in P&G business, including Ivory, Tide, Cascade, Comet and Camay brands.

In March 1987, P&G appointed Slater Hanft Martin, New York, as the agency for Dramamine motion sickness treatment product and Icy Hot, a pain relieving ointment. Both former G.D. Searle & Co. products were merged into Richardson-Vicks as part of a consolidation and realignment of P&G's health and personal care business. Agencies for the two products had been unassigned since they were purchased in 1985. Slater Hanft Martin, an R-V agency which became a P&G agency as a result of the acquisition, also handles Percogesic, an aspirin-free pain reliever.

The company reversed a trend of declining market shares in 1985. Jay Freedman, household products analyst with Kidder, Peabody & Co., New York, says the company's industrywide market share for all household products rose to 37% from 35.8% at the end of 1985, with the majority of the increase traceable to new-product successes in disposable diapers (Ultra Pampers) and toothpaste (Tartar-Control Crest).

P&G also benefited from the continued success of Always sanitary napkins, which increased its market share to 18%-20% from 13% of the $1.5 billion category. Category leader Johnson & Johnson remains the No. 1 feminine hygiene marketer, with an estimated 38%-40% share. P&G in April 1987 introduced Always Slender for Teens, a thin maxi pad for teenagers, and rolled nationally Always Plus, with panti-protectors. P&G supported the eight-item line with $22.6 million in measured media spending, up 13% from 1985.

In the $3 billion U.S. disposable diaper category, P&G devoted $23.1 million in measured media spending for Pampers "Blue Ribbon" regular absorbency and $2.4 million behind Ultra Pampers thin, superabsorbent diapers, which incorporate a chemical compound that absorbs wetness into a "lockaway core," leaving the top layer next to baby's skin dry. Advertising for Ultra Pampers claims it's "the driest diaper ever made."

P&G in May 1987 began shipments of Luvs Deluxe, an upgraded, thin, superabsorbent premium diaper, to help stop the brand's continued share decline. Pampers and Luvs together hold an estimated 52% share, down 6.5 share points from mid-1986, with Luvs contributing only a 14% share of the total. Kimberly-Clark Corp.'s Huggies disposable diapers hold a 30% share, up 5 share points from a record low 25% share in mid-1986.

P&G suffered a further blow to its image as the untouchable leader in the category, losing a patent infringement suit filed last year against Irving, Tex.-based K-C, its primary competitor in the category.

The company's 1986 measured spending on its other consumer paper products dropped 18.5% to $23.7 million as P&G scaled back spending behind Banner, a value-priced toilet paper and paper towel line, Charmin and White Cloud bathroom tissues. P&G, the leading marketer of bathroom tissue, holds a 27.5% share of the $2 billion (manufacturers' level) category. The company in October 1986 introduced Charmin Free bathroom tissue with TV spots themed "Charmin Free, it's got plenty of nothing," and put a new stronger and thicker Charmin into limited distribution in southern states. Mini Bounty paper towels, a reduced size, 2-ply towel, also was put into limited distribution in western states.

P&G supported its Puffs facial tissues with $7.2 million in measured media spending, up 16.1% from $6.2 million last year. In this $1 billion category, P&G is the No. 3 brand behind Scott Paper Co. Kimberly-Clark's Kleenex is the undisputed market leader with an estimated 45% to 50% share.

P&G continued holding the leadership slot in the $300 million incontinence category, with a 58% share for Attends adult briefs, undergarments and pads. P&G supported Attends with $4.5 million in measured media spending, up from $1.05 million the prior year. Most of the spending increase supported the retail introduction of Attends undergarments. The incontinence market is skewed toward nursing home usage. Kimberly-Clark's Depend incontinence products hold less than a 20% share.

On the strength of its Tartar-Control Crest, P&G claims more than a 39% share of the $1 billion dentifrice category, up at least 7 share points from last year's low-30's share. P&G's primary competitor, Colgate-Palmolive Co.'s Colgate, holds a 23% share. Lever Bros.' Aim, at 7%, trails Beecham Products' Aqua-Fresh with 10.5%.

P&G supports Crest regular and Tartar-Control with $31.7 million in measured media spending, $22.1 million alone for

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Tartar-Control Crest, positioned as "the dentists' choice."

In 1987, the company introduced Crest Super Cool for Kids, a mint-flavored toothpaste, and Peppermint Scope, an extension of its Scope mint-flavored mouthwash.

Measured media support behind Scope totaled $15.4 million, up 13.2%. Scope holds a 26% share in the $600 million category, behind Warner-Lambert's Listerine, with a 28.5% share.

P&G in August 1986 announced the introduction of Peridex plaque-removing oral rinse, the first dental-care product to get the much sought-after American Dental Assn. seal of approval for plaque removal. Although it currently is sold by prescription-only, analysts believe P&G eventually will market Peridex as an over-the-counter plaque remedy.

In the nearly $3 billion haircare category, P&G's Head & Shoulders dandruff shampoo remained the leader in the $1.29 billion shampoo segment with a 10.9% share and $18.6 million in measured media support. In September, the company introduced nationally a reformulated Head & Shoulders after testing a fresh-scent version in normal-to-oily and normal-to-dry formulations.

P&G introduced nationally Pert Plus, a combination shampoo and conditioner, and expanded distribution of Pantene haircare products from department stores to drug stores. Ads used the tag line, "Don't hate me because I'm beautiful." FCB/Leber Katz Partners, New York, handles the $10.5 million account.

P&G supported Ivory, Pert Plus, Prell, Lilt, Sassoon and Pantene with $68.3 million in advertising. The company holds a 26.9% share of the shampoo segment, down 3.9 share points, and a 16.4% share in conditioners, down 1.7 share points from the previous year.

P&G supported its Wondra hand and body lotion with $483,100 in measured media spending. The brand has a 4% share of the $500 million category. Oil of Olay, the leading facial lotion in the $450 million category with a 24.3% share, received more than $25 million in measured media support. The Bain de Soleil suntan products bought from the Revlon Group in June 1987 will give the company the third-leading position in the $400 million suncare category.

Acne preparation sales grew 2.1% during 1986, and new-product activity is expected to encourage further growth. However, sales of Norcliff-Thayer's Oxy outpaced P&G's Clearasil. Clearasil, backed with $5 million in measured media spending, holds a 19.1% share of food store sales, while Oxy has a 21.4% share of the more than $140-million acne preparation category.

P&G's measured media spending for its bar soaps slipped 4.7% to $51.7 million. P&G holds an estimated 35% share of the $1.2 billion category, with its Camay, Coast, Ivory, Lava, Monchel, Safeguard and Zest brands, down almost 2 share points from its 1985 36.9% share of the category.

P&G's 53.1% share of the $3.25 billion laundry detergent business came under increased pressure from Lever Bros.' newly introduced Surf liquid and powder detergent and new campaigns for Colgate-Palmolive Co.'s Dynamo 2, Fab and Fresh Start detergents.

However, P&G's Liquid Tide overtook Lever's Wisk as the leading heavy-duty liquid laundry detergent. Lever soon responded by introducing a reformulated Wisk that "wasn't just for collars."

In 1986, P&G introduced "Clothesline-Fresh" Tide powder to further counteract Lever's floral-scented Surf, as well as an Unscented Tide powder to appeal to consumers who don't want a noticeable scent. P&G also introduced a reformulated Lemon Dash liquid and powder detergent nationally.

In mid-1987 it expanded the test of Cheer Power Pouches from Atlanta, Ga., to Denver, Colo.

P&G supported its detergents with more than $114.5 million in measured media spending, with the Tide flagship brand receiving more than $30 million in measured media support.

The $450 million automatic dishwasher detergent market remains dominated by P&G's Cascade, although the brand for the first time in many years has dipped below a 50% share of the category. New liquid entries from EcoLabs, St. Paul, Minn., and Palmolive from Colgate-Palmolive Co. have taken share away from Cascade, which has responded with its own liquid variety. A lemon-scented liquid Cascade in mid-1987 was introduced into upstate New York test markets. P&G supported Cascade with $18.8 million in measured media support in 1986, up 18.2%.

P&G's Bounce sheet and Downy liquid fabric softener brands continued leading the $550 million category with a 52% share, although Lever Bros.' Snuggle sheets and liquid fabric softeners continued gaining market share with a combined 21.1% share, up from an 11.1% share in 1985.

P&G in August 1986 introduced "Deep Down Soft" Downy Liquid, rolling the reformulated brand nationally by early 1987. P&G currently is testing Bounce StainGard dryer sheets, which contain ingredients meant to help polyester and polyester-blend fabrics resist staining, as well as Downy dryer sheets, the first dryer-sheet extension of the "April Fresh" Downy brand. P&G spent more than $35.7 million in measured media spending, up 46.3%, behind its fabric softener brands.

In light-duty dishwashing liquids, P&G holds a 51% share of the $750 million category with its Dawn, Ivory and Joy brands, up 6 share points from its 45% share last year.

The company put more than $35 million of measured media spending behind the three brands, comparable to last year's support level.

In the $1 billion general household cleaning category, P&G introduced spray-bottle versions of Top Job, Mr. Clean and Spic & Span Pine Fresh into upstate New York test markets.

The cleaners, including Mr. Clean soft-abrasive and Comet cleanser, were supported with $31.5 million in measured media. P&G, the leading household-cleaner marketer, holds an estimated 23.8% of the category.

P&G backed its Citrus Hill franchise with more than $15 million in measured media spending in 1986. The company injected a shot of calcium into Citrus Hill orange juice brand, rolling nationally in mid-1987 Citrus Hill Plus Calcium in orange and grapefruit flavors.

P&G holds an 8% share of the $3 billion category with Citrus Hill, and it expects to increase its share with the new calcium-added variety.

The new brand received the endorsement of the American Medical Women's Assn. (AMWA), and the seal will be carried on Citrus Hill Plus Calcium labels. Coca-Cola Co.'s Minute Maid is the No. 1 orange-juice marketer.

P&G and General Foods Corp. control more than 60% of the instant coffee market, and both are moving new technologies and brands into market. GF is rolling national with Brim Roasted Buds, while P&G is testing Folgers Singles, fresh-roasted and "freeze concentrated" coffee in individual coffee bags, in parts of Maine and West Virginia. With consumer interest skewed toward quick, convenient products, flavor improvements could help reverse a sales decline in the instant coffee market.

Coffee consumption, declining since 1962, now appears to be leveling off. Per capita consumption of instant coffee is about 0.4 cups per day, compared with 1.4 cups of ground coffee.

P&G's Folgers instant and ground coffees have an estimated 16.3% share, while GF brands have a 45.5% share of the $4.5 billion coffee category. The company supported Folgers with more than $38.5 million in measured media spending.

P&G in early 1987 added to its "finger-foods" marketing strategy in the $711 million baking-mix market with the introduction of three new Duncan Hines brownie mixes—turtle brownie, truffle brownie and cherry fudge—and three new "Bakery Style" muffin mixes. P&G ranks second to Pillsbury Co. in overall baking mix sales (including cake, brownie, muffin and bread mixes) and second to General Mills' Betty Crocker brand in the

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$168 million brownie-mix segment.

P&G supported its Duncan Hines line, excluding its ready-to-eat cookies, with $18.1 million in measured media, down 47.7%.

P&G in late-1986 introduced a reformulated Puritan oil, changing from a soybean/sunflower blend to low erucic acid (glyceride) rapeseed oil, unofficially called canola oil. Puritan holds a 3.8% share of the $823 million salad oil category. As the leader in the category with a 21% market share, Crisco gets close to $15 million in measured ad spending annually, with another $20 million going to Crisco shortening.

P&G's Crush, Hires and Sundrop soft drink lines hold an estimated 2% of the $39 billion soft drink category, although Orange Crush is said to hold a 19% share of the orange-flavor segment. Crush was supported with more than $6 million in measured media spending last year. P&G sold its bottling operation to Johnson Coca-Cola Bottling Group.

In the $300 million cough remedy category, leader A.H. Robins Co.'s Robitussin and No. 2 Vicks Formula 44, a product of P&G's Richardson-Vicks unit, together have more than a 55% market share. R-V's Nyquil remains the leader in the $800 million cold remedy market with an estimated 12% share, followed closely by Burroughs Wellcome's Actifed and Sudafed brands, which together hold a 20% share of the category. Vicks cough drops hold 16% of the $1.25 million cough drop category. P&G supported its cough-cold remedies with more than $25.7 million in measured media spending.

P&G in mid-1986 discontinued marketing Encaprin, an encapsulated pain reliever which never managed to earn more than a 1% share of the $1.6 billion analgesic category.

Tomorrow'' brought to three the number of soap operas P&G has canceled in the last three years, joining "Texas" and "The Edge of Night." P&G, like other major TV producers, is feeling the squeeze of higher production costs and network pressure to cut license fees. Industry sources believe P&G will get out of soap-opera production entirely, but will not give up its dominant position in daytime network TV.

B. Jurgen Hintz was named group VP with responsibility for beverage and food products, crushed products and soft drink bottling, succeeding Gerald V. Dirvin, who was named group VP overseeing paper and patient-care products, and worldwide coordination of the company's disposable diaper business. Mr. Dirvin succeeds Sanford G. Weiner, who died. Robert T. Blanchard was elected to succeed Mr. Hintz; he previously was VP-northern Europe.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	4,030	7,345
Magazines	86,506	93,775
Newsp. supp.	640	2,107
Bus.pubs.	3,194	3,170
Network TV	456,324	490,821
Spot TV	233,932	284,395
Network radio	13,879	13,423
Spot radio	7,471	5,677
Outdoor	293	150
Network cable	27,673	28,534
Total measured	833,943	929,395
Unmeasured	601,512	670,360
Total	1,435,454	1,599,755

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Marketing Personnel

L.A. Pritchett, vp-sales
W.P. Nock, sales mgr-beverage div
B.A. Kindem, sales mgr-beauty care div
W.J. Lewis, sales mgr-bar soap & household cleaning prod div
A.H. Welch, sales mgr-packaged soap & detergent div
G.E. Lawton, sales mgr-paper prod div
T.A. Muccio, sales mgr-food prod div
S.L. Zimbler, sales mgr-health & personal care div
H. Tecklenberg, senior vp-Norwich div
J.F. Orr, sales mgr-soft drink div
R.D. Haasnoot, adv mgr-foodservice & lodging
L.R. Love, adv genl mgr
R.L. Wehling, genl mktg svcs mgr
M. Upson, adv mgr-beverage div
J.N. Lilly, adv mgr-food prods div
B.J. Buchan, adv mgr-food prods div
A.G. Lafley, adv mgr-packaged soap & detergent div
R.H. Van Wagener, adv mgr-bar soap & household cleaning prods
R.M. Malcolm, adv mgr-health & personal care div
M.A. Thompson, adv mgr-beauty care div
M.A. Collar, adv mgr, health & personal care div
J.H. Bess, adv mgr-paper prods div
J.D. Jones, adv mgr-paper prods div
R.E Gill, mktg mgr-soft drink div
R.J. Herbold, mgr-mkt rsch dept
V.O. Hamilton, div mgr-genl adv dept

Advertising Agencies

Leo Burnett USA, Chicago—Cheer, Chloraseptic spray and throat lozenges, Era Plus, Head & Chest cold remedy, Lava, Lilt shampoo & conditioner, Lilt home permanent, Luvs disposable diapers, Secret, Gleem, Cinch, Pert, White Cloud, Pepto-Bismol, Tempo—Mary Bishop, sr vp-client svcs dir.

Burrell Advertising, Chicago—Crest—Linda Pharr, vp-mgmt super; Alisa King, Fay Ferguson, acct execs.

Cunningham & Walsh, New York—Folgers, Crush, Hires, Special Touch by Puffs, Citrus Hill Select, Certain, Duncan Hines Baking Mix line—W. Albright, exec vp-acct group dir; Jack Snow, vp-mgmt super.

D'Arcy Masius Benton & Bowles, New York—Vicks Formula 44, Complete, Clearasil, Fasteeth, Fixodent, NyQuil, Lifestage vitamins, Cremacoat cough medicines, DayCare cold medicine, Vaporub, Vicks cough drops, Sinex, Dawn, Ivory Snow, Dash, Bounce, Crest, Scope, Norwich aspirin, Ivory shampoo & conditioner, Wondra, Always, Attends, Charmin, Pampers—T. Carey, R. Hopple, sr vps-acct dirs.

Grey Advertising, New York—Downy, Joy, Bold 3, Crisco & Crisco oil, Liquid Bold 3, Jif, Puffs, Duncan Hines cookie mix, Puritan oil.

Jordan, McGrath, Case & Taylor, New York—Bounty, Zest—Alice Bond, vp-mgmt super.

Klemtner Advertising, New York—professional Highpoint coffee, Ivory soap—Chris Woodbury, acct super; Mark Fine, acct exec.

Lally, McFarland & Pantello, New York—ethical pharmaceutical prod, Denquel—Ron Pantello, president; Beverly Breitenback, acct exec.

Leber Katz Partners, New York—Saxon aftershave, Pantene prods—Cynthia Perry, acct group super; V. Loewenstein, acct exec.

Mandabach & Simms, Chicago—cleaning prods for foodservice, coin vending—Lee Lippman, sr acct super; William Schoenwald, Andrea Mallen, acct supers; John Corbett, acct exec.

Northlich, Stolley, Cincinnati—shortening & oils, coffee, bar soap & amenities—Bruce Mackey, vp-acct super.

Peter Rogers Associates, New York—Sassoon shampoos, conditioners, rinses, coordinators—P. Rogers, president; L. Favara, creative dir; G. Tabaczyk, sr vp-acct svcs dir.

Rosenfeld, Sirowitz & Humphrey, New York—Bain de Soleil suncare line.

Saatchi & Saatchi DFS Compton, New York—Tide, Cascade, Camay, Top Job, Comet, Comet Liquid, Ivory bar & liquid, High Point, Oxydol, Dreft, Solo, Tender Leaf tea—J. Fuller, mgmt group dir; T. Love, R. Pounder, mgmt supers; D. O'Brien, J. Plumez, mgmt group dirs.

Slater Hanft Martin, New York—Percogesic analgesic, Dramamine, Icy Hot—Jerry Martin, chmn-mgmt super; R. Dorin, acct super.

Tatham-Laird & Kudner, Chicago—Biz, Mr. Clean, Coast, Head & Shoulders, Metamucil.

Wells, Rich, Greene, New York—Oil of Olay, Pringle's, Safeguard, Sure, Prell, Spic 'N Span, Gain, Banner bathroom tissue and paper towels, Spic 'N Span Pine—Dick Byrne, Bruce Kelley, acct group dirs.

Quaker Oats Co.

RANK **28**

Chicago

($ in millions)

Worldwide	**1987**	**1986**	**% chg**
Sales	4,420	3,671	20.4
Net income	244	180	35.6
U.S. advertising	309	269	14.8
Division sales	**1987**	**1986**	**% chg**
Grocery prods.	2,830	N/A	N/A
International	991	N/A	N/A
Fisher Price	597	585	2.1
Other	N/A	N/A	N/A

Quaker Oats Co., represented by the pacifist "Quaker man" for a century, went cheerfully to war this year, boosting its marketing budget by almost 37% to fight off competitors and take new turf.

Quaker says it spent $961.1 million worldwide on marketing and advertising in fiscal 1987, up 36.6% over the prior year, according to its 10-K. Measured media and unmeasured advertising forms in the U.S. account for about 32% of the total, according to AD AGE estimates.

Quaker's aggressive plans were signaled by its acquisition of Golden Grain, San Leandro, Calif., and Anderson, Clayton & Co., Houston. The Golden Grain purchase, for $278 million, gave Quaker Rice-A-Roni and Noodle-Roni.

Chairman-CEO William D. Smithburg paid for Golden Grain in part by selling Quaker's specialty retailing business. The division, made up of Jos. A. Banks Clothiers, Brookstone and Eyelab, had difficulty competing with larger chains that enjoyed greater economies of scale.

With the acquisition of Anderson, Clayton's pet food lines (Quaker sold Anderson, Clayton's food businesses—Chiffon margarine, Seven Seas et. al.—to Kraft in May 1987), Quaker became the No. 2 U.S. marketer of pet food, behind perennial leader Ralston Purina Co., St. Louis.

Quaker's position in the growing premium canned dog food segment was boosted with the acquisition of Anderson, Clayton's Gaines line. Quaker's lead line has been Ken-L-Ration.

Quaker also bought Kretschmer Cereals, maker of Kretschmer Wheat Germ, from International Multifoods Corp. in November at an estimated price of $40 million. The sales and acquisitions reflect Mr. Smithburg's intention of returning to the core food business, and focusing on No. 1 and No. 2 brands.

The exception to the food-only rule is Quaker's Fisher-Price unit, one of the company's biggest success stories. Fisher-Price, producer of infant and pre-school toys, is searching out pre-teens with the new PXL 2000 camcorder, a toy that allows children to create their own 15-minute, b&w videos. The camcorder, to be introduced to shoppers this Christmas, will be marketed with a 4½-inch TV, which can be used as a monitor or as a standard TV. Fisher-Price predicts the pricy $200 system will be a best-seller.

Despite the vitality of the Fisher-Price division, Quaker continues its policy of focusing primarily on its U.S. Foods division, protecting its traditional turf and carving out new territory.

Quaker fired a shot at General Mills this year when it rolled national with its Ohs! cereal—a ring-shaped ready-to-eat product directly based on Big G's Cheerios. The Minneapolis-based food giant volleyed back hard, announcing plans to enter the $500 million hot cereal market with Total Oatmeal. General Mills plans to stress Total Oatmeal's vitamin fortification in an $24 million introductory campaign.

The new Total hot cereal was to include an on-box comparison with the vitamins and minerals in Quaker oatmeal, but Quaker scotched that with a lawsuit charging unfair use of its trademark. In an out-of-court settlement, General Mills agreed to stop using the "Quaker man" logo without a disclaimer. Quaker also announced plans to fortify one flavor of its Instant Oatmeal, countering Total Oatmeal's claim to "more nutrition than any hot cereal."

In the wake of the Total Oatmeal announcement, Quaker shot back with a $45.6 million hot cereal campaign, with Wilford Brimley as its new celebrity spokesman. Quaker denied any connection between the Total Oatmeal threat and the decision to make a 76% increase in TV spending behind hot cereal.

Quaker also beefed up advertising behind Gatorade, targeting the "point of thirst" in sports-related promotions and TV spots. That strategy has taken Gatorade from a $90 million-a-year business (which it was when acquired in the 1984 purchase of Stokely-Van Camp) to a brand with $300 million in annual sales. Gatorade benefited this year from the rollout of a lemon-flavored line extension. Quaker also announced plans to expand the category with Refresh, a lightly carbonated drink containing 25% fruit juice.

Bayer, Bess, Vanderwarker & Flynn, the Chicago agency that handles Gatorade, was one of the winners in a reshuffling of accounts following a slew of mergers. Jordan, McGrath, Case & Taylor, New York, took on hot cereals and some pet foods when BBDO merged with DDB Needham Worldwide, which handles a large amount of General Mills business.

Quaker also moved an estimated $55 million in business from Backer & Spielvogel when it was acquired by Saatchi & Saatchi. The Saatchi takeover rankled Quaker because other Saatchi agencies handle a combined $150 million in business for General Mills. In the shuffle, Bayer, Bess won Cap'n Crunch, Corn Bran, Ohs! and Kretschmer Wheat Germ.

Quaker lost ground in the cold cereals market in 1986, dropping from 7.7% of the dollar market in 1985 to 7.4% in 1986, according to John C. Maxwell Jr., analyst with Furman Selz Majer Dietz & Birney, New York. Cap'n Crunch remained its leading player with a 3.1% share of market for both years.

There was some shuffling in-house at Quaker as well. With the resignation of Hedric E. (Pete) Rhodes, exec VP-U.S. Foods, Quaker decided to reorganize its entire U.S. and Canadian Grocery Products area. The U.S. Foods area now is limited to cereals and convenience foods. A new unit, Grocery Specialties and Market Development, was added; the new unit includes responsibility for U.S. grocery product sales. The Diversified Grocery Products continues to have responsibility for pet foods and foodservice, and takes on the Golden Grain division.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,671	1,972
Magazines	18,688	13,082
Newsp. supp.	233	1,295
Bus.pubs.	1,748	1,956
Network TV	88,322	85,337
Spot TV	41,726	27,108
Network radio	1,450	928
Spot radio	3,847	6,580
Outdoor	0	10
Network cable	2,356	1,177
Total measured	160,040	139,445
Unmeasured	149,199	130,000
Total	309,239	269,445

QUAKER OATS CO.
Merchandise Mart Plaza
Chicago, Ill. 60654
(312) 222-7111

Corporate Personnel

William D. Smithburg, chmn-ceo
Frank J. Morgan, president-coo

U.S. GROCERY PRODUCTS

Marketing Personnel

Charles E. Decker, vp-adv
J. Byron Felter, group vp-sales
Max M. Lomont, vp-art & packaging
Katherine E. Smith, vp-consumer affairs

U.S. FOODS

Corporate Personnel

James R. Tindall, exec vp

Marketing Personnel

Lawrence K. Hathaway, president, cereals div
Peter J. Vitulli, vp-prod mgmt, ready-to-eat cereals
Kenneth J. Fedor, president, convenience foods div
Barbara R. Allen, vp-prod mgmt, snacks

DIVERSIFIED GROCERY PRODUCTS

Corporate Personnel

Douglas W. Mills, exec vp

Marketing Personnel

Verinder K. Syal, president, Golden Grain
Serafino Posa, vp-prod mgmt, Golden Grain
George J. Yapp, pres, Pet Foods div
Nancy Pitz, vp-prod mgmt, Pet Foods div
Russell L. Jones, president, foodservice
Paul Baron, vp-mktg, foodservice
John R. Blair, vp-mktg rsch
John L. Patten, vp-genl mgr
Robert D. Stoothoff, dir-natl sales, foodservice

WOLF BRAND PRODUCTS
Dallas, Texas

Corporate Personnel

U.B. Shockley, president

Marketing Personnel

Kenneth R. Barrons, mktg dir

QUAKER OATS CO. OF CANADA LTD.

Corporate Personnel

Jon K. Grant, president

Marketing Personnel

David L. Morton, vp-mktg & sales

INTERNATIONAL GROCERY PRODUCTS

Corporate Personnel

Paul E. Price, exec vp

FISHER-PRICE TOYS

Corporate Personnel

R. Bruce Sampsell, president

Marketing Personnel

David B. Fisher, vp-sales & mktg

Advertising Agencies

Backer Spielvogel Bates, New York—Celeste pizza, Fisher-Price toys, new prods—G. Robert Holmen, exec vp-coo.

Bayer, Bess, Vanderwarker & Flynn, Chicago—Cap'n Crunch, Corn Bran, Gatorade, Oh!s, Kretschmer Wheat Germ, new prods—Gary Bayer, chmn-ceo; Ron Bess, president-coo; Tony Vanderwarker, creative dir; Andrea Trotenberg, Greg Gwynne, Susan Emerson, sr vps, creative dirs; Brian Goodall, sr vp-group acct dir; Bob Irvine, exec vp, dir-media svcs.

BBDM Advertising, Chicago—industrial cereals, Mother's Oats—Richard B. Sanderson, exec vp-dir.

Berry-Brown Advertising, Dallas—Wolf Brand prods, Quaker Corn Goods & Grits, Van Camp's pork & beans & specialty prods—Robert E. Berry, chmn.

Chiat/Day, New York—Gaines dog foods—Bob Perkins, acct mgr; Rich Lobel, acct exec.

Chiat/Day, San Francisco—Rice-A-Roni, Noodle-Roni—Bill Fanning, mgmt super; Brooke Baker, acct exec, Cindy Lee, acct coord.

Geers, Gross, New York, Quaker Puffed Wheat, Puffed Rice, new prods—Tom Jasinski, mgmt super; P.J. Lehrer, acct exec.

Jordan, McGrath, Case & Taylor, New York—Quaker Oats, Instant Oatmeal, Life, 100% Natural Cereal, Quaker Oat Squares—Bruce Guidotti, mgmt super.

Norton Associates, Los Angeles—food service prods—Patricia Venuso, mgmt super.

J. Walter Thompson USA, Chicago—Granola Dipps, Chewy Granola Bars, Aunt Jemima breakfast prods, mixes & syrup, Ken-L Ration dog foods, Rice Cakes, grain-based snacks, new prods—Alan Moser, sr vp-group acct dir; Bill Minor, vp-acct dir; Jackie McCauley, sr acct super; Nancy Limberg-Meyer, sr acct super; Kathy Valdiserri, Dan Stumpf, Marguerite Chiang, acct supers. Fisher-Price toys-Bruce Beach, group acct dir; Matt Kurz, acct dir; Jim Yardley, acct super; Lorraine McGill, acct rep.

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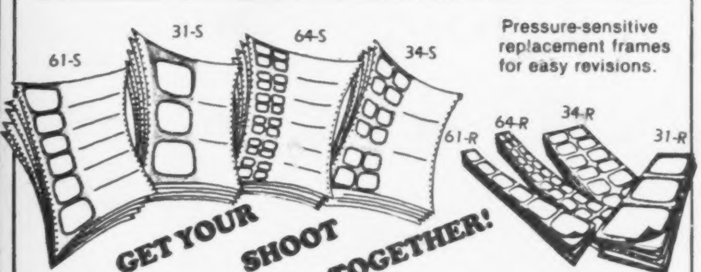

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Ralston Purina Co.

RANK 17

St. Louis

($ in millions)

Worldwide	1986	1985	% chg
Sales	5,515	5,299	4.1
Net income	389	256	51.6
U.S. advertising	478	521	(8.2)

Division sales	1986	1985	% chg
Human, pet foods	3,694	3,555	3.9
Agri. products	1,435	1,601	(10.4)
Other products	386	143	170.0

Ralston Purina, which started life in 1894 as an agricultural animal feed company, a few years ago began transforming itself into a consumer package goods company. Last year, with the $1.42 billion purchase of Eveready Battery Co. in June, followed by the jettisoning of its domestic agricultural products subsidiary in October, the process seemed nearly complete.

Chairman William Stiritz says more than half of Ralston Purina's assets have been added since 1984—and businesses that made up 28% of its assets at that time have since been divested. He says branded consumer products are expected to account for at least 90% of operating profit in the near future, up from about 70% three years ago.

The purchase of Continental Baking Co. in 1984 and Eveready last year also helped reduce the company's reliance on the $5.6 billion pet foods category, generally regarded as a mature market. Ralston Purina leads the industry with a 27.3% share, according to analyst John C. Maxwell Jr., of Furman Selz Mager Dietz & Birney, New York. However, it faces tough competition from Quaker Oats Co., which vaulted into pet foods' No. 2 slot when it added Anderson, Clayton & Co.'s Gaines products to its lineup late last year.

Ralston made a bid for Anderson, Clayton, too, but Quaker topped its offer in what one analyst described as a defensive move. Had Ralston acquired Anderson, Clayton, it would have controlled 33.5% of the pet food market, nearly three times the share of the next competitor, Nestle's Carnation unit. Some observers think the Federal Trade Commission would have nixed the deal, and they say Ralston dropped out of the contest because it feared a long antitrust dispute. Others say Ralston simply didn't want to pay a premium price for Anderson, Clayton, which cost Quaker about $800 million.

Ralston Purina's ad spending in measured media dropped 16.4% to $178 million in 1986. Spending was noticeably down or absent in 1986 for Purina cat food in which measured spending dropped 32% to $27.2 million, the divested Jack in the Box restaurants on which Ralston spent $13.2 million in measured media in 1985, and S'mores Chewy Granola Bar, discontinued in 1986 after Ralston spent $7.6 million in measured media on the product in 1985.

The biggest part of the decline came from network TV, down 24% to $97.6 million.

The $3.45 billion dog food market grew only slightly last year, but Ralston continued its strategy of trying to grab extra shares by segmenting the market and placing products in as many niches as possible, especially at the high-margin levels. Since January, it has introduced Purina Grrravy (to compete with Gaines' Gravy Train), Purina O.N.E., a superpremium dry dog food, and Purina Pro Plan, a superpremium line of cat and dog foods sold through veterinarians' offices and specialty outlets. Bone Appetit, Ralston's first entry in the canned dog food category, seems to be stalling out. It has been in test in Houston and Pittsburgh since March 1986. Ralston spent $53 million in seven measured media on dog food, about same as in 1985. The heavy ad expenditures went to Chuck Wagon, Dog Chow, Hi Pro, Kibbles & Chunks, Lucky Dog and Puppy Chow.

The $2.17 billion cat food market faces a healthier outlook, with growth pegged at about 5% this year and beyond. Ralston's Cat Chow maintained its dominance of the dry segment in 1986, and Alley Cat made strong gains. The company introduced a new premium dry food, Smart Cat, in November. Cat food pulled $27.2 million in measured spending, with the larger chunks backing Tender Vittles, Meow Mix and Cat Chow. Cat food pulled $40.1 million in measured spending in 1985.

Pet foods generated nearly $1.4 billion for Ralston in fiscal 1986, but bakery products are its biggest business, with sales of $1.66 billion. Ralston's Continental Baking Co.—the nation's largest wholesale baker of fresh goods—introduced several new products in the past year, including Wonder Light bread and Wonder Soft 100% Whole Wheat, Wonder Family Italian, Hostess Choco-Bliss snack cakes and Hostess Chocolate Pudding Pies. As an extention of Wonder Bread, which received $6.2 million in measured advertising in 1986, down 15%, Wonder Light got $2.5 million. Home Pride Bread, however, was the largest advertised bread at $7.6 million, up 73%. The entire Hostess line received $14.3 million, up 51%.

According to Bakery '86 Red Book, published by Chicago-based *Bakery Production & Marketing* magazine, breads contribute 45% of Continental's sales; rolls and buns 15%; cakes 15%; doughnuts 10% and pies 5%. Continental leads the bread market, followed by Anheuser-Busch's Campbell Taggart.

Meanwhile, Hostess leads the $1.24 billion snack cakes and pies segment with dollar sales estimated at more than 30%, but this highly competitive category saw only a 2% growth in 1986, according to *Snack Food* magazine.

In March Ralston took the last two Continental accounts away from Ted Bates, New York (now Backer Spielvogel Bates), and gave them to Tatham-Laird & Kudner, Chicago, which got Hostess, and Grey Advertising, New York, which took the Beefsteak bread account. Wonder Bread had moved from Bates to TLK in May 1986.

Ralston recently resold Wayne, N.J.-based Drake Bakeries Inc. to a management group just a year after picking it up from Borden Inc. The price of the leveraged buyout was $176 million. Ralston paid $115 million for Drake in July 1986. An antitrust suit filed by Philadelphia-based Tasty Baking Co. had prevented Ralston from integrating the regional snack cake company into its Continental Baking subsidiary.

Eveready Battery Co., which Ralston bought from Union Carbide in June 1986, leads an industry that's growing at 7% to 9% per year, and some analysts believe it will become Ralston's biggest business in the future. Industry sales, now at nearly $3 billion, are expected to top $3.8 billion by 1990. Ralston claims to own 60% of the domestic dry-cell battery market and 30% worldwide, with Dart & Kraft's Duracell the only major competitor.

Eveready will bring out two new products for Christmas: the Energizer Gift Mate, a battery with a holiday-decorated casing to be used as a gift companion and Clear Mate, a standard-size flashlight with a clear plastic body. Eveready received $25 million in measured ad backing in 1986, compared with $27.6 million under Union Carbide in 1985.

Ralston is the fifth largest cereal marketer behind Kellogg, General Mills, General Foods and Quaker Oats. It commands a 6% brand share of the $5 billion cold cereal market, says analyst John Bierbusse of A.G. Edwards & Sons, St. Louis. Ralston is one of the industry's largest producers of private-label cereals.

During 1987 Ralston introduced Fruit Islands, a presweetened cereal for children, and Honey Graham Chex, an all-family cereal. The company appears to be moving away from licensed children's cereals, having recently discontinued Rainbow Brite, Ghostbusters, Nerds and Cracker Jacks. Ralston put Chex Snack Mix into national distribution in April, but abandoned the granola bar market by dropping its only entry, S'mores Chewy granola bars. Chex cereals are backed more extensively than other Ralston cereals, receiving $7.5 million in measured media in 1986, up 71%.

Seafood, which accounted for $270.8 million in company sales, isn't getting much ad play at Ralston. Chicken-of-the-Sea tuna's market share has dropped steadily from 31% in 1981 to less than 20% last year, and no agency currently is assigned to the brand. Heinz' Star-Kist, which has been gaining ground gradually, last year controlled an estimated 36% share of the $1.4 billion market.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,512	2,345
Magazines	24,653	22,030
Newsp supp	329	1,204
Bus pubs	456	446
Farm pubs	1,229	1,624
Network TV	97,572	128,245
Spot TV	33,532	44,155
Network radio	5,944	2,467
Spot radio	8,013	6,902
Outdoor	547	443
Network cable	3,245	2,904
Total measured	178,031	212,763
Unmeasured	300,000	308,139
Total	478,031	520,902

RALSTON PURINA CO.

Checkerboard Square
St. Louis, Mo. 63164
(314) 982-1000

GROCERY PRODUCTS

Corporate Personnel

William H. Lacey, president, grocery prods group

Marketing Personnel

A.R. Bresler, vp, cat food group
T.E. Block, vp, dog food group

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Mainstay dog food, Hi-Pro dog meal, new prods—Patricia Prozzi, acct dir; Bill Spencer, group acct dir.

Avrett, Free & Ginsberg, New York—Kitten Chow, Cat Chow, new prods—Janet Bellin, acct exec.

(In-house) Centra Advertising Agency, St. Louis—Kibbles & Chunks dog food, Hearty Chews dog snack, Purina 100 cat food, new prods—R.L. Anello, president, exec creative dir.

Gardner Advertising Co., St. Louis—Puppy Chow, Bonz—Judy Cuchro, acct exec. Alley Cat, Smart Cat—Bill Salzman, acct exec. Fit & Trim—Aly Johnsen, acct super. Chuck Wagon, Pets for People—Matt Andrew, acct exec. New prods—William A. Lahrmann Jr., John Fox, exec vps-mgmt reps.

Scali, McCabe, Sloves, New York—Purina O.N.E. dog food, Grrravy brand dog food—Cynthia Rhea, acct exec. New prods—Stuart Epstein, exec vp; Bob Taber, acct super; Stacey Baron, acct exec.

Tatham-Laird & Kudner, Chicago—Happy Cat cat food, Lucky Dog dog food, new prods—Kirk Borland, acct dir.

Wells, Rich, Greene, New York—Purina Dog Chow, Butcher's Blend dog food, Tender Vittles cat food, new prods—Tom Hayes, exec vp.

BRANDED FOODS

Corporate Personnel

W. Patrick McGinnis, president
P.M. Grieve, exec vp, dir—R-P grocery prods, Canada
Donald W. Rupprecht, president, Van Camp Seafood Co.
Thomas J. Caskanett, vp, dir-specialty foods

Marketing Personnel

J.A. Nichols, vp, cereal group
John Haley, vp, Van Camp Seafood

Advertising Agencies

Avrett, Free & Ginsberg, New York—Almond Delight cereal—personnel unavailable at time of publication.

(In-house) Centra Advertising Agency, St. Louis—Honey Graham Chex, new prods—R. L. Anello, president, exec creative dir.

Tatham-Laird & Kudner, Chicago—Sunflakes, Chex Snack Mix, new prods—Kirk Borland, acct dir.

Don Tennant Co., Chicago—Cookie Crisps, Fruit Islands, new prods—Uwe Wende, mgmt super; Judy Steele, acct exec.

Wells, Rich, Greene, New York—Chex cereals, new prods—Tom Hayes, exec vp.

CONTINENTAL BAKING CO.

St. Louis, Mo.

Corporate Personnel

J.W. Brown, chmn-ceo
J.A. Signore, president-coo

Marketing Personnel

M.S. Herrick, corp vp, dir prod mktg
R.M. Proctor, corp vp, dir mktg devel

Advertising Agencies

Grey Advertising, New York—Beefsteak bread —Mike Gaetner, mgmt super. Home Pride bread—Robert Schoenfein, Jeffrey Stein, exec vps; George Ruthauser, mgmt super.

Tatham-Laird & Kudner, Chicago—Wonder Bread, Hostess snack cakes—Tom Schafer, acct dir.

EVEREADY BATTERY CO.

St. Louis, Mo.

Corporate Personnel

J. Patrick Mulcahy, chmn-ceo
Philip J. Kennedy, president-coo

Marketing Personnel

Susan J. Obenhouse, vp-dir primary batteries
John T. Sweetwood, vp-dir lighting, new prods

Advertising Agencies

DDB Needham Worldwide, Chicago—Energizer—Doug Rothrock, acct super; Mary

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S. hless, acct exec. New prods—Dawn Hudson, group acct dir; Charlotte Austin, acct super; Debra Rosenberg, acct exec.

R-P Advertising & Creative Resources Group, St. Louis, Mo.—T.E. Touhill, vp-dir; J.I. Shubert, dir-media & ad svcs; D.R. Martin, dir-corp media.

RANK
57

Revlon Group

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	2,600	2,120	22.6
U.S. advertising	149	179	(16.6)

Molding, shaping, streamlining—words that apply to cosmetics use also apply to the corporate activity of this cosmetics giant one year after a daring takeover by Ronald O. Perelman, then chairman and ceo of Pantry Pride Inc.

Mr. Perelman's commitment to molding, shaping and streamlining Revlon Group's presence in the market seems to be paying off, as Revlon, which is second only to Avon in mass market cosmetics, improved its share of supermarket dollars in 1986.

According to Salomon Brothers cosmetics industry analyst Diana Temple, Revlon continued to improve its food store share into the first quarter of 1987. Nail polish share rose to 12.3% from a 10.7% share in 1986 and 9.7% share in 1985. Lipstick share increased to 12.7% during the first quarter; it had been 11.6% in 1986 and 10.6% in 1985. Face cream share, which was 3% in 1986 and only 1.5% in 1985, continued its market gains into the first quarter of this year. Revlon's improved performance in individual product categories applied as well to the success of its Natural Wonder line, according to Ms. Temple.

Natural Wonder received $1.3 million in measured media spending in 1986, and Revlon mascara got the single largest measured push of all products in 1986 with $4 million in spending, according to BAR/LNA.

A new campaign for Revlon, designed by photographer Richard Avedon, debuted in December. The theme is "The most unforgettable women in the world wear Revlon." Several older products have been revived or rejuvenated to lend additional familiarity to the famous Revlon name. Charlie, the 13-year-old mass market fragrance, remains a best-seller in the $2.5 billion retail fragrance market, as it continues to appeal to a target audience of women in their 20s. Charlie moved to a new agency last year, Hill, Holliday, Connors, Cosmopulos, New York, and was supported by $3.6 million in measured spending. Charlie had previously been handled in-house.

A dormant fragrance was revived when Revlon relaunched a reformulated version of Intimate in April 1987. The fragrance is being promoted to a 10-to-20-year-old audience, backed by a $5 million advertising budget. A musk version of Intimate was introduced a year earlier.

Scoundrel fragrance received a younger, "naughty girl" spokeswoman: Soap-opera actress Susan Lucci of "All My Children" replaced actress Joan Collins.

Mark Goldstein was named Revlon's new VP-marketing, worldwide fragrances/skincare products. Under his leadership, Revlon is seeking to find market niches for the company's 10 fragrance brands that are specific enough not to cannibalize each other.

Two new fragrances were launched under the Borghese banner's new Giardini de Montecatini line in March of this year.

Revlon made a foray into the children's market in February 1987 when it unveiled Care for Kids Mousse baby shampoo, plus personal-care implements such as toenail and fingernail scissors. Joan Lunden, co-anchor of ABC's "Good Morning, America" was signed as spokeswoman. The category is led by Johnson & Johnson's Baby Shampoo, which holds an impressive 5%-plus share of the overall $3 billion haircare category.

After acquiring Max Factor, Almay and Halston a year ago from International Playtex, Revlon has continued to add to its holdings. To that end, J. Eric Hanson was named senior VP-mergers and acquisitions. He had held a similar position at Hanson Industries.

During its flurry of acquisitions, Revlon settled a dispute that had been simmering since the buyout. Two of the three principals who had bid for the Revlon business and had lost to Mr. Perelman and his holding company, McAndrews & Forbes, received $21.3 million from Revlon to resolve all claims to the company and to end all litigation. The third principal, the investment firm of Adler & Shaykin, agreed to accept $23.7 million from Revlon to settle its claims.

Revlon made an unsuccessful bid to acquire the 86.1% share of the Gillette Co., Boston, that it did not already own, for between $3.8 billion and $4.1 billion. Gillette dug in its heels and managed to wrestle out of the deal, though at some cost. According to the terms of the agreement hammered out between the two personal-care product companies, Gillette paid Revlon a premium of $558 million to buy back its own stock from Revlon, which amounted to 13.9% interest. Revlon, which netted $34 million in the arrangement, promised not to buy Gillette stock for the next 10 years. Despite the agreement, Mr. Perelman made yet another attempt in August 1987 to purchase Gillette.

Gillette wasn't Revlon's only target. The company in 1986 tried to take over Transworld, a hotelier and food vendor, and CPC International, a food processor.

Successful bids didn't come until March 1987, when Revlon completed its acquisition of the Germaine Monteil subsidiary of Beecham Group PLC, a U.K.-based multinational company. Beecham had for some time been sending out signals of its intent to sell U.S. Germaine Monteil because it felt the unit had not been performing up to par. The Monteil acquisition marked the second time in a year that Beecham and Revlon did business. Beecham purchased Revlon's Norcliff Thayer subsidiary a year earlier for $395 million.

In June 1987, Revlon set its sights on the major brands of the Charles of the Ritz division of Yves St. Laurent International S.A. Soon to be finalized, the deal gives Revlon ownership of such brand names as Alexandra de Markoff cosmetics, which are sold in department stores, and mass market lines like Jean Nate, Enjoli and the Dynasty fragrances, in addition to the Charles of the Ritz product entourage. Revlon already has agreed to sell one of its soon-to-be-acquired names from the purchase, the Bain de Soleil sun treatment line, to Procter & Gamble's Richardson-Vick's division for an estimated $125-$150 million.

Not neglecting its vision-care segment in 1986, Revlon bought Frigitronics Inc. of Shelton, Conn., for about $116 million. Frigitronics, specializing in eye-care and surgical products, fits well in Revlon's existing Barnes-Hind and Coburn Optical subsidiaries.

In personnel changes, Arthur I. Cohen became exec VP-advertising of the Revlon Beauty Group, replacing Sanford Buchsbaum, who left to form his own agency, Stevens & Buchsbaum. Arnold Zimmerman became president of Revlon Beauty Group I, replacing Ben Sottile. His goal will be to restore Revlon to a premier position in department stores.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	534	0
Magazines	31,936	32,156
Newsp. supp.	1,141	1,303
Bus pubs	219	0
Network TV	29,075	48,608
Spot TV	9,851	6,136
Spot radio	1,269	799
Outdoor	0	3
Network cable	988	932
Total measured	75,014	89,936
Unmeasured	74,211	88,973
Total	149,225	174,910

REVLON GROUP
767 5th Ave.
New York, N.Y. 10022
(212) 572-5000

Corporate Personnel

Ronald O. Perelman, chmn & ceo
Howard Gittis, vice chmn
Sol Levine, president
Lawrence Wechsler, president, Revlon Beauty Group

Marketing Personnel

Arthur I. Cohen, exec vp-adv
George W. Feld, vp-adv svcs
Richard Kressler, adv dir
Stephen Gebb, adv dir
Anthony Cozzolino, budget media dir
Arnold Zimmerman, president, Group I
Paul Bloch, sr vp-mktg, Group I
Neil Katz, president, Group II
Roy Stephens, president, Group III

Advertising Agencies

(In-house) Beebe & Sons, New York—Germaine Monteil Cosmetiques—Brook Betts, creative dir.

Bozell, Jacobs, Kenyon & Eckhardt, New York—Classic Revlon, Natural Wonder—Keith Bunnell, acct super; Meg Lynch, acct exec; Carol Wood, acct coordinator; Gloria Appel, mgmt super; Lillian Kennedy, assoc media dir; Barbara Falvo, media super; Janice Landis, sr planner; Christina Pascucci, asst planner.

(In-house) 50th Floor Workshop—Revlon lipstick, nail enamel & face makeup, Care for Kids Mousse, Chaz, Ultima II, Ciara, Norell, Princess Marcella Borghese, Bill Blass—Martin Stevens, sr vp-creative svcs; George W. Feld, vp-adv svcs; Rita Grisman, vp-creative dir.

Grey Advertising, New York—Flex, Jontue—Meg Berrigan, group head; Russ Booth, assoc media dir.

Hill, Holliday, Connors, Cosmopulos, New York—Charlie, Intimate, Super Lustrous lipsticks and nail color—Malcolm MacDougall, president; Linda Berres, acct exec.

Korey Kay & Partners, New York—Almay—Andrea Cautela, acct super; Janet Finkel, asst acct super; Harris Lefkon, media dir; Hans Zucker, assoc media dir.

Wagner & Associates, Chicago—Jovan cosmetics & perfumes, Yardley of London, Lentheric, Tuvache, Vitabath—Gayle Matthies, acct mgr; Mary Koelle, team dir.

PROFESSIONAL PRODUCTS GROUP
Jacksonville, Fla.

Corporate Personnel

Irving J. Bottner, president
Robert Crane, sr vp

Marketing Personnel

Andrew Roberts, vp-creative svcs

Advertising Agency

Merchandising Workshop, New York—Joanie Curcio, sr vp.

BARNES-HIND/HYDROCURVE
Sunnyvale, Calif.

Corporate Personnel

Kevin J. Ryan, president
Richard Wright, exec vp

Marketing Personnel

George McCrary, vp-mktg
Robert Pace, vp-sales

Advertising Agencies

Grey Advertising, New York—extended wear contact lenses & contact lens solution prods—Mike Ouimette, William Deval, vps-acct supers.

Zechman & Associates, Chicago—specialist prods—Bud Davis, vp-acct svcs.

NATIONAL HEALTH LABORATORIES
San Diego, Calif.

Corporate Personnel

Robert E. Draper, president

Advertising Agency

(In-house).

RANK
4

RJR Nabisco

Winston-Salem, N.C.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	15,975	12,388	29.0
Net income	1,064	1,001	6.3
U.S.	**1986**	**1985**	**% chg**
Sales	15,978	12,557	27.2
Operating profits	1,080	1,848	(41.6)
Advertising	935	996	(6.2)
Division sales	**1986**	**1985**	**% chg**
Tobacco	5,700	5,300	7.5
Food & beverages	10,100	6,900	46.4

Since F. Ross Johnson was named ceo of RJR Nabisco in August 1986 the tobacco and food company has been in a state of perpetual change. The company headquarters is being moved to Atlanta, Heublein Inc., the wine and liquor business, has been sold, the corporate structure reorganized, and RJR announced test of a smokeless cigarette.

When the move from Winston-Salem, N.C., to Atlanta, to be completed this month, was announced in January 1987, it prompted speculation that tobacco would no longer be RJR's dominant industry. RJR, however, says the move is for administrative reasons. "RJR Nabisco needed to assume the role of a holding company, a separate parent company, to give the individual units more flexibility and elbow room," says a spokesperson.

RJR also has experienced extensive internal changes since the beginning of the year. Two months after Mr. Johnson, the former Nabisco president, became RJR Nabisco's new chief, his predecessor J. Tylee Wilson announced he would resign his post as chairman several months earlier than expected. Mr. Wilson had originally planned to continue serving as chairman of RJR until June 1988. RJR would not elaborate on Mr. Wilson's early departure, but other industry sources say Mr. Wilson had become little more than a figurehead in the wake of Mr. Johnson's sweeping changes.

Shuffling continued in March 1987 when retired RJR executive J. Paul Sticht was brought back to succeed Mr. Wilson as chairman. Many say the appointment of Mr. Sticht was made, in part, as a stabilizing influence in the months of changes.

The company kept homing in on its tobacco and food business in 1986 and early 1987, as it continued to divest fastfood and non-tobacco operations. It sold Kentucky Fried Chicken to PepsiCo, Canada Dry and Sunkist to Cadbury Schweppes PLC in 1986, and in early 1987 sold Heublein Inc.

These divestitures have influenced RJR Nabisco's 20% decline in measured advertising spending in 1986 from 1985, while RJR Nabisco recorded worldwide sales up 29% over 1985 and a 19.1% growth in net earnings from continuing operations. The year-to-year difference of $131.1 million between 1986 and 1985 spending in the seven media monitored by BAR/LNA is basically accounted for by the absence of spending in 1986 of the divested operations. Gone from the 1986 spending totals was Kentucky Fried Chicken, which spent $76.4 million in 1985, and Canada Dry and Sunkist fruit drinks, which recorded expenditures of $12.4 million and $7.2 million, respectively, in 1985.

During 1986, RJR remained the No. 2 U.S. cigarette marketer with 32.4% of the market, up from 31.6% last year. The small share gain was the company's largest annual increase since 1975. Philip Morris Cos. widened its lead slightly, growing from 35.9% to 36.8%. Sales on the tobacco side at RJR were up 6% to $4.7 billion and earnings from operations reached $1.4 billion, up 13%.

However, none of Reynold's major brands scored significant share increases in 1986, as measured advertising on most brands declined. Winston's market share dropped from 11.4% in 1985 to 11.3% in 1986. Winston Lights Box 100s was introduced and distribution of Winston Lights Box King cigarette was expanded to become available to consumers throughout the country. The company spent $42 million in measured media advertising the Winston brand, down 13.4%, according to BAR/LNA, which monitors seven media.

Spending on all cigarette brands actually is a good deal higher than BAR/LNA, because RJR Nabisco spends heavily ($50.4 million) in national newspapers—a popular cigarette medium—which is not broken out into brand spending by Media Records, the monitoring service for newspapers.

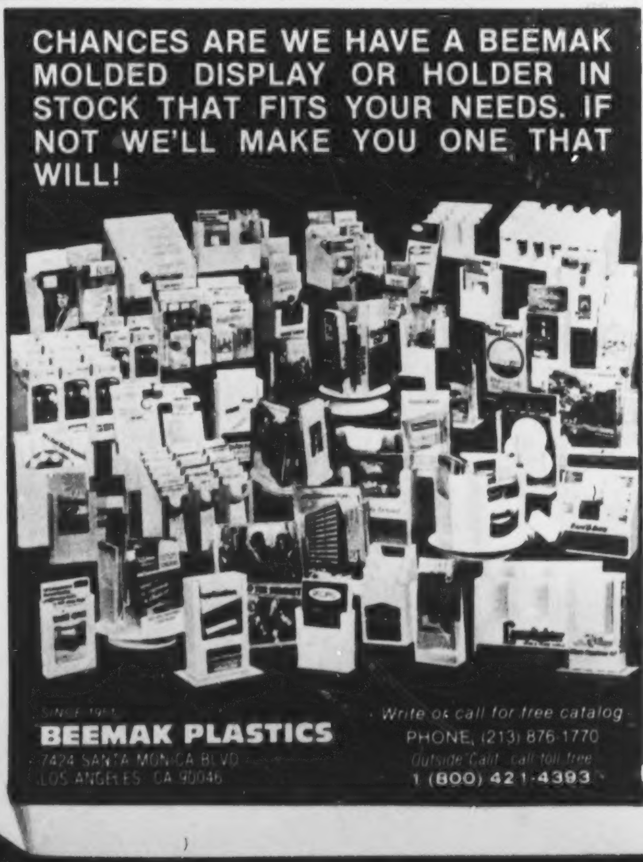
Vantage cigarettes' share dropped from 3.3% to 3.2%. Vantage introduced new packaging in an effort to bolster the brand's high-quality contemporary image. Measured media spending was $35.5 million for Vantage, down 9%.

Doral, the country's first branded cigarette to sell at generic level prices, had strong results with sales up almost 70% from last year, now holding 2.1% of the overall cigarette market. In January 1987, Reynolds Tobacco USA introduced Doral in three new styles—Doral full-flavor 85s, Doral full-flavor 100s and Doral ultra-lights 100s. Measured spending was only $280,000 in 1986.

Century, the first U.S. brand to offer 25 cigarettes at the same price as traditional 20-packs is outselling all other 25-per-package brands. The success of Century and Doral made Reynolds Tobacco USA the leader in the savings segment with a 33% share of market. Reynolds spent $3.5 million on Century, down from $11.4 million in 1985.

In the market segment targeted to consumers seeking the lowest possible tar and nicotine levels, Reynolds Tobacco USA's share increased 1.9 points due to the performance of Now cigarettes. Now drew $24.8 million in measured advertising, up 15.9%. It achieved a 1.16% share of market, up a tenth of one per cent from 1985.

Camel's share held at 4.3%. In March 1987, Camel Filter 100s were introduced in selected sales regions representing about 28% of the country. The Camel brand received $20.7 million in measured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spending, down 39.1%. More received $19.3 million in measured ad spending, down 27%, as market share rose to an estimated 1.4% from 1.3% in 1985.

Also in March 1987, Reynolds Tobacco USA began test marketing Magna in the savings segment of the cigarette market. The brand, introduced in 10 areas of the country, is available in full-flavor, box and lights styles. Tests also will begin in 1988 on perhaps RJR's most revolutionary product—a "smokeless" cigarette. When lit, warm air is emitted from a carbon segment at the tip of the cigarette and passes through tobacco, tobacco extract, flavorings and glycerine before exiting as smoke to be enhaled by the smoker.

Salem, the nation's leading menthol cigarette, also dropped from 7.9% to 7.8%, while measured advertising dropped 10% to $32.4 million for the brand.

The foods line of business includes operations of Nabisco Brands Inc. and Del Monte Corp. Food sales were $9.2 billion, up 49% from last year, an increase principally credited to the inclusion of a full-year of results from Nabisco Brands Inc. Earnings from operations increased to $820 million vs. $549 million the previous year.

Heublein, the beverages unit was sold in early 1987 to Grand Metropolitan PLC, the British conglomerate, for $1.2 billion. Heublein had been profitable, and a spokeswoman for RJR says the sale reflected the company stategy to focus on tobacco and food operations. "We want to home in on what we do best," she says.

Nabisco Brands introduced 18 new cookie and cracker products, presented under the heading of New Stars. They include two new crackers, American Classics and Quackers, as well as several line extensions such as Fudge Covered Oreos and new flavors of Almost Home. RJR Nabisco spent $284.1 million in measured spending advertising food products, according to BAR/LNA.

Nabisco backed its crackers with $31.8 million in measured advertising, with Wheat Thins ($9.3 million), Ritz Crackers ($9.4 million) and Better Cheddar Crackers ($5 million) drawing the larger expenditures. Cookies received $38.3 million in 1986, up 18.9%.

Nabisco Shredded Wheat, backed with $19.4 million in measured spending, up 61.7% from the prior year, built its dollar market share in cold cereals from 4% in 1985 to 4.1% in 1986, while the other participants in the category, Shredded Wheat 'n Bran and 100% Bran, maintained their cumulative 0.9% share.

Del Monte measured spending dropped 5.7% to $24.7 million, with Fruit Snacks receiving the largest backing—$10.6 million ($4.2 million in 1985) among the brand. Del Monte pulled back from spending in the "trend" areas such as Lite Canned Fruits, $3.5 million in 1986, down from $7.1 million, and Salt Free Canned Vegetables, down to virtually nothing from $4.7 million in 1985.

In confectionaries, Nabisco maintained its joint promotion for Butterfingers and Baby Ruth candy bars with $7.5 million in measured spending, although the expenditure was down 9.6%.

Carefree gum pulled the big ad dollars among chewing gums with $10.5 million, the same as in 1985. Bubble Yum, regular bubble gum and sugar-free, received $4.2 million, down 26.3%. Life Savers regular candy and sugar-free pulled $8 million, up 5.3%.

Planters line of nuts was backed with $11.6 million in measured media, up from only $3.7 million in 1985.

A-1 Steak Sauce continued to be heavily advertised, at levels just above $12 million for both 1985 and 1986.

There were no advertising account moves in 1987 among Nabisco agencies.

RJR's tobacco products did see some account shifting though, with the Salem account moving from William Esty Inc. to FCB/Leber Katz Partners, NY. More went to Young & Rubicam, N.Y. from FCB/Leber Katz Partners. Ad spending for tobacco products was $179.9 million.

In June 1987, RJR announced H. John Greeniaus, exec VP of Nabisco Brands Inc., and president of International Brands, had been named president-ceo of Nabisco Brands Inc., and president-ceo of R.J. Reynolds Tobacco USA and had been given the additional title of chairman of R.J. Reynolds Tobacco USA.

Mr. Greeniaus reports to James O. Welch Jr., vice chairman of RJR Nabisco and chairman of Nabisco Brands Inc. Charles J. Chapman, previously president and chief operating officer of Nabisco Brands, was named to the new position of president, Nabisco Brands North America. Replacing Greeniaus as president of International Nabisco Brands is Peter N. Rogers, previously president of Nabisco Brands USA.

RJR assigned the Planters & Life Savers operation to R.J. Reynolds Co. from its current reporting structure in Nabisco Brands USA. The Planters and Life Savers business is headed by Martin L. Orlowsky, president, who reports to Edward A. Horrigan, vice chairman of RJR Nabisco and chairman-ceo of R.J. Reynolds Tobacco Co.

In addition, Del Monte Corp. will report to Mr. Welch. Del Monte, headed by President and Chief Operating Officer Paul J. Bott, previously reported to Robert J. Carbonell, senior exec-VP and chief administrative officer, RJR Nabisco.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	50,347	73,321
Magazines	135,657	164,123
Newsp. supp.	36,930	35,883
Bus.pubs.	2,618	1,835
Network TV	155,715	127,814
Spot TV	38,455	37,485
Network radio	3,954	9,334
Spot radio	9,286	7,935
Outdoor	82,820	94,701
Network cable	10,455	8,339
Total measured	526,237	560,770
Unmeasured	408,799	435,625
Total	935,036	996,395

RJR NABISCO

1100 Reynolds Blvd.
Winston-Salem, N.C. 27105
(919) 773-2000

R.J. REYNOLDS TOBACCO CO.

Marketing Personnel

Edward A. Horrigan, Jr., chmn-ceo
Jack J. Manning, sr vp-mktg
Gerald W. McKenna, vp-mktg planning
Richard A. Kampe, president, R.J. Reynolds Development Co.

R.J. REYNOLDS TOBACCO USA

Marketing Personnel

Gerald H. Long, chmn-president-ceo
Clyde W. Fitzgerald, Jr., sr exec, vp-sales & mktg
John T. Winebrenner, sr vp-mktg
Lawrence W. Hall, Jr., vp-mktg devel
David B. Fishel, vp-pr
Richard Sanders, mktg dir
John Herberger, mktg dir
David Iauco, mktg dir
George Baroody, group dir-mktg svcs
Al Barnett, dir-promo
Dan Pearson, dir-media

Advertising Agencies

FCB/Leber Katz Partners, New York—Salem, Vantage, Ritz—Stanley H. Katz, chmn; Robert T. Hirsch, exec vp-mgmt rep; Angelika Adler, Janice C. Lee, vps-mgmt supers; Alexander Mohtares, Jack Silverman, sr vps-exec creative dirs.

Long, Haymes & Carr, Winston-Salem, N.C.—Doral, special events—Donald N. Adams, chmn-ceo; Bob Graham, vice chmn-chief creative officer; Logan McCabe, Francie Thompson, acct supers.

McCann-Erickson, New York—Camel, Winston—Greg Bathon, exec vp; Simon Marlow, Barry Schweig, sr vps-mgmt reps; Lonnie Soury, David Matthews, acct supers; Dave Pastore, Charlotte Rashti, acct execs; Bob Summers, Mike Koulermos, Hy Varon, sr vps-assoc creative dirs; Abbe Bates, acct exec-promos.

Tatham-Laird & Kudner, Chicago—Century—Charlotte Beers, mng partner-ceo; William Youngclaus, mng partner-coo; James R. Hill, mgmt super; Peg Martin, acct exec.

Young & Rubicam, New York—More, Now—Jane Brite, sr vp-group dir; Mike Feldman, vp-mgmt super; Mitch Hershey, Tony Pace, mgmt supers.

R.J. REYNOLDS INTERNATIONAL

Corporate Personnel

Lester W. Pullen, chmn & ceo
Dale F. Sisel, president
Edward J. Lang, exec vp
Klaus D. Langner, exec vp

Marketing Personnel

Howard M. Banwell, vp-mktg
Ronald J. Field, dir-pr

Advertising Agency

McCann-Erickson, New York and international affiliates-Camel worldwide. Other brands handled through a variety of agency assignments country by country.

DEL MONTE CORP.

Corporate Personnel

Dr. Robert J. Carbonell, chmn
Paul J. Bott, president & ceo

DEL MONTE USA

Marketing Personnel

Fernando R. Gumucio, president & ceo
Ewan MacDonald, sr vp-mktg
Bob Gibson, sr vp-sales
Stephan Rothchild, vp, strategic business unit dir-Del Monte veg & tomato prods
Gordan Chapple, strategic business unit dir-fruits
Ted Taft, strategic business unit dir-beverages
Deb Edwards, strategic business unit dir-fruit snacks
Doug Bargengvast, strategic business unit dir-Hawaiian Punch
Dee Ann Campbell, dir-mktg svcs
Bob Motzl, group mng consumer promo
Kristi Outzem, mng-adv svcs
Karen Bachmann, dir-pr

DEL MONTE TROPICAL FRUIT CO.

Marketing Personnel

John P. Polychron, president-ceo
Robert Guldin, vp-North American mkts
Ben E. Klein, sr vp-North American mkt devel
Donald L. Lund, vp, general sales mng

Advertising Agencies

Lowe Marschalk, New York—A1 Steak Sauce, Grey Poupon Dijon mustard, Chun King—Dan Cohen, mgmt svc dir; John Most, mgmt super.

McCann-Erickson, San Francisco—canned fruits & vegetables, Del Monte juices, fruit snacks, tomato prods, pickles and relishes, fresh fruit—Arkie Koehl, Walter Menzel, sr vps-mgmt supers.

NABISCO BRANDS

East Hanover, N.J.

Corporate Personnel

James O. Welch, Jr., chmn
H. John Greeniaus, president-ceo

NABISCO BRANDS NORTH AMERICA

Parsippany, N.J.

Corporate Personnel

Charles J. Chapman, president

Marketing Personnel

Bruce J. Wood, vp-planning & mktg svcs
Melvin Perlmutter, sr dir-mktg svcs
Robert Garguilo, dir-mktg svcs
Robert Springer, dir-adv svcs
Dante Bonardi, dir-broadcast commercial production
Louis J. Rubinacci, dir-natl tv
Teri Guarasci, mng-spot tv/radio/print

BISCUIT DIVISION

Corporate Personnel

William B. McKnight, Jr., president

Marketing Personnel

Harold J. Lees, vp-mktg
Sharon Fordham, sr dir-new business
William Stuart, sr dir-mktg svcs
Carol Lewbell-Grey, category business dir-Oreos/Chip Ahoy
Mark Kapsky, category business dir-Almost Home
George Pace, category business dir-Nilla/Newton/Graham
Didier Foulon, category business dir-snack crackers
Eric Shullman, category business dir-Ritz
Fran Rose, sr dir-strategic planning
Michael Perry, dir-media, adv production

Advertising Agencies

McCann-Erickson, New York—crackers—Hank O'Brien, sr vp, group dir; Rob McKinley, mgmt rep, established brands.

Saatchi & Saatchi DFS Worldwide, New York—cookies, crackers—Joseph Mack, president; Raymond Caro, mgmt dir-biscuit div.

GROCERY DIVISION

Corporate Personnel

Ellen R. Marram, president

Marketing Personnel

John C. Mitchell, vp-mktg
Bruce Campbell, dir-breakfast foods
Roger L. Wagner, dir-margarine, desserts, pet snacks, reg brands

Advertising Agencies

FCB/Leber Katz Partners, New York—cereals, desserts, dog biscuits—Samuel Eisnitz, group mgmt dir; Linda Garrison, sr partner.

Tatham-Laird & Kudner, Chicago—Ortega, Fleischmann's Blue Bonnet, Egg Beaters.

PLANTERS & LIFE SAVERS

Corporate Personnel

Martin Orlowsky, president

Marketing Personnel

Robert W. Denny, vp-mktg
Sandy Putnam, dir-mktg, Planters
Valerie Friedman, dir-mktg, vend/single serve
William A. Pelicot, dir-mktg, hard roll candy/chewing gum
Wallace Meyers, dir-mktg, chocolate bars, chewy candy, brokered brands

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, New York—candy, nuts, snacks—Ron Benza, sr vp, group acct dir.

Saatchi & Saatchi DFS Compton—candy, gum—Joseph Mack, president; Robert M. Egan, sr vp mgmt super.

Sara Lee Corp.

RANK
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Chicago

($ in millions)

Worldwide	1987	1986	% chg
Sales	9,155	7,938	15.3
Net income	267	223	19.5
U.S.	**1987**	**1986**	**% chg**
Sales	6,985	6,060	15.3
Pre-tax income	445	376	18.4
Advertising	272	286	(4.9)
Division sales	**1987**	**1986**	**% chg**
U.S. foods	3,185	2,797	13.9
Int'l cons. foods	1,472	1,335	10.3
Food service	1,893	1,523	24.3
Personal prods.	1,631	1,440	13.3
Household prods	1,087	943	15.3

Continuing to develop more of the value-added products for which it is noted, Sara Lee Corp. in 1986-87 claimed market-share leadership in several major categories.

Sara Lee, whose total U.S. advertising spending dropped 5% in 1986 to $271.6 million, largely because of cutbacks in print, claims market leadership in its big categories—frozen baked sweet goods, Hanes and L'eggs women's hosiery, Jimmy Dean and Hillshire Farm sausage and Kiwi shoe-care products. In other areas, its ranking is either very high, as in Hanes men's underwear (where it is No. 2 to Fruit of the Loom) or it has a high-profile position in its field, as in Fuller Brushes, Coach Leatherware, Electrolux vacuum cleaners, Aris Isotoner gloves and Bali bras.

The big marketing push at Sara Lee is on branded products. And the company is moving to use its full spectrum of distribution channels and interconnects its companies to gain efficiences.

For example, Hanes Hosiery, Winston Salem, N.C., recently applied New York-based Aris Isotoner's lycra-spandex stretch fabric to making women's panty hose. And rather than seeking exposure through national media, leaving the local promotion to local retailers—the more common hosiery-marketing practice—Hanes went directly into 20 markets across the U.S. with outdoor, both painted and poster, plus local market magazines such as city magazines. Start of the $1.6 million campaign was in October 1986; both Long Haymes & Carr, Winston Salem, and DFS Dorland (now Saatchi & Saatchi DFS Compton), New York, have contributed to Hanes Isotoner advertising.

In January 1987 Bali began test marketing what it terms a "revolutionary" new line of four brassieres and three pant-

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The Tampa Tribune
Tampa Bay's newspaper

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ies made of Isotoner fabric. Current testing is in Boston, Dallas and San Francisco, where local magazine print carries the message. In Boston, TV is supplementary. Saatchi & Saatchi DFS created the advertising.

At L'eggs, a reverse cross-breed is underway. That big hosiery maker, in marketing its first-ever non-hosiery product, is expanding its Sheer Energy pantyhose technology to gloves that gently massage the hands. The gloves carry the Sheer Energy brand and will debut in November 1987. Saatchi & Saatchi DFS Compton is the agency for L'eggs, along with Burrell Advertising, Chicago. And the same tough standards that Inspector 12 applies to Hanes men's underwear now go for the new line of Hanes Her Way ladies cotton panties, Hanes' first entry in women's undergarments. (Hanes says about 70% of its men's underwear is now purchased by women.) Ads, in print, from Long, Haymes & Carr, kicked off in May 1987.

Integration also has come to the company's food units. Kitchens of Sara Lee, Deerfield, Ill., in July 1987 introduced its Sara Lee Snacks, five varieties of microwaveable, single-portion, hand-held entree or sandwich items. These are sold retail at convenience stores for "a meal on the go" Also in July this year, piemaker Chef Pierre Inc., Traverse City, Mich., introduced for foodservice use an eight-item line of microwaveable, hand-sized "sandwiches to go." They include four breakfast items with eggs and four lunch versions such as a reuben complete with corned beef and sauerkraut. In addition, Chef Pierre made a July 1987 introduction of its frozen foodservice Tarts, a line of four hand-sized desserts in raspberry, blueberry, peach and lemon.

Sara Lee's meat companies also are moving onto the convenience store carry-out counter. Hi-Brand Foods, Peachtree City, Ga., is marketing its Burger Fleet 100% beef patty in a bun and its line of 12 Biscuit Fixin's sandwiches in a biscuit, both microwaveable.

Underlying these product integrations are Sara Lee's moves to begin coalescing its companies into workable product groups. The company transferred the marketing and sales responsibilities of Chef Pierre to Kitchens of Sara Lee in 1987. Both operations make frozen baked goods. Rudy's Farm, Nashville, Tenn., packer of a line of sausage and biscuits, now includes in its jurisdiction R.B. Rice of Summit, Mo., a sausage packer. Hillshire Farm Co., New London, Wis., and Kahn's & Co., Cincinnati, cooperate in advertising and other marketing efforts. With Jimmy Dean they are Sara Lee's national meat marketers in contrast to the corporation's many regional retail and foodservice meat suppliers. In mid-1987, two Sara Lee packers of Italian-style and other processed meats, Gallo Salame, San Francisco, and Galileo Capri Salami, San Lorenzo, Calif., combined operations to form a new company, Gallo/Galileo Salame.

This July, Sara Lee pulled together three of its companies into a strategic business unit called Hosiery Group of Sara Lee Corp., based in Winston-Salem, N.C. Participants include Hanes Hosiery, L'eggs and Hanes DSD, the latter a distributor of L'eggs and other Sara Lee and non-Sara Lee products. Chairman/ceo is Weldon Schenck, who moves up from the presidency of Hanes Hosiery. President/chief operating officer is Walt Pilcher, formerly L'eggs president. John Piazz, former L'eggs marketing VP, is the new L'eggs Products president, and Phil Hiscock is new Hanes Hosiery president, moving from the same post at Hanes DSD.

In a related efficiency move that crosses business segment lines, Fuller Brush Co. moved its headquarters from North Kansas City, Mo., to Winston-Salem to take advantage of the efficiencies of growing Sara Lee operations there, which, for example, include in-house advertising services.

Most Sara Lee divisions showed strong growth in operating income for 1987. For U.S. Consumer Foods, Sara Lee's biggest segment, operating income was up 40.7% to $184.9 million. Consumer Personal Products bettered its operating income figure by 23.5%, rising to $178.6 million in 1987. International Consumer Foods made a 39.3% jump in operating income to $98.1 million. Consumer Household Products made a modest operating income gain, rising 2.4% to $120.4 million. Foodservice was almost flat in operating income, making about $49.8 million both years.

In acquisitions, Bil Mar Foods, Zeeland, Mich., was acquired in May 1987. Bil Mar, with distribution in the Midwest, produces Mr. Turkey brand turkey products and other table-ready meats at retail and Bil Mar brand for foodservice customers. Seitz Foods, a Midwest luncheon meat and hot dog producer based in St. Joseph, Mo., was acquired in July 1987.

Other additions were Green Hill Inc., a sausage-maker selling in the Mid-Atlantic region; Landlock Seafood Co, which distributes fresh and frozen seafood; Ralston Foodservice, added to Standard Meat Co.; Ozark Salad Co., added to R.B. Rice, and Wolferman Inc., Kansas City, Mo., an English muffin maker.

After divesting six branches last year, Sara Lee's big entry in the $73 billion foodservice industry, PYA/Monarch, based in Greenville, S.C., added four new distributors.

In December 1986, Sara Lee acquired the 86% balance of Nicholas Kiwi of Australia not acquired in its 1984 purchase. Kiwi sells in more than 145 countries. Sara Lee is working to make its personal care and household care line mesh with Intradal, the Dutch personal-care products producer which is strong in Europe.

Early in 1987, Sara Lee bought 24% of Europe's biggest hosiery maker, DIM S.A., Paris, for $86 million.

Sara Lee's big divestment was its sale in January 1987 of Popsicle Industries Inc., Englewood, N.J., to Gold Bond Ice Cream Inc., Green Bay, Wis. for an undisclosed sum. Popsicle is the market leader with about a 17% share of the frozen novelty confection field. A Sara Lee source explains that frozen confections, with their need for a dedicated distribution system and an extra-cold environment, did not fit in with the company's systems for frozen baked goods.

While personal products advertising was off for the year, food advertising dollars were strong. Popsicle spending, in the Sara Lee count for the last time in 1986, was $6.7 million, up 15% from 1985. The company's commitment to Popsicle's success was evident in the measured media backing it gave, 66% higher than 1986 spending of $4.02 million for its new Bagel Time bagel entry (that product's first full year of spending) and 17% higher than combined spending of $5.98 million in 1986 for Kitchens of Sara Lee's brand new Hearty Fruit Muffins, its croissants, frozen cakes and other desserts. Kitchens of Sara Lee in 1987 holds a 39% share of the frozen baked sweet goods market, up from 38% in 1986.

The bulk of the bagel spending, up nearly fourfold from 1985, was for network TV. Croissant ad spending, largely on network TV, was down sharply in 1986, to $1.98 million vs. $6.1 million in 1985.

Sara Lee's meat expenditures jumped an impressive 71% to $25.4 million in 1986. The advertising relies heavily on spot TV because most of the producers are regional. The national meat companies among them spend heavily on network TV. Hillshire Farms spent $8.8 million on network TV, promoting products including its new 6-inch bun-size wieners and its new Mild and Country Smoked Bacon packed in convenient one-pound sizes.

For 1986, Hanes and L'eggs hosiery advertising was down 31%, to a combined $42.3 million. Separately, Hanes spending was off 29.3% to $16.6 million, and L'eggs was down 32.4% to $25.7 million. The L'eggs hosiery lines currently hold a 48.6% share of market, compared with 47.9% a year ago. Hanes hosiery is the leader in department and specialty stores and currently holds a 40% share of market, down from 42.4% in 1986, a drop that reportedly puzzles Hanes management since shipments have been high. Bali spending dropped 150% to about $646,000 in the seven-media media totals compiled by BAR/LNA. Aris Isotoner advertising was up sharply, rising 30% in 1986 to $14.2 million. Hanes Underwear leaped 83%, reaching $19.9 million.

Major management changes at Sara Lee in 1986 included Robert E. Elberson moving from president/chief operating officer to vice-chairman of international operations; John B. McKinnon advancing from exec VP to president in charge of all U.S. operations, and Paul Fulton, formerly senior VP in charge of all Hanes divisions, moving up to senior VP in charge of all packaged apparel and frozen baked goods operations.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	1,881	3,350
Magazines	22,531	27,819
Newsp. supp.	421	830
Bus. pubs	90	0
Network TV	71,879	64,129
Spot TV	25,284	26,175
Network radio	3,091	2,313
Spot radio	2,078	10,147
Outdoor	782	18
Network cable	1,928	1,974
Total measured	129,965	136,755
Unmeasured	141,658	149,059
Total	271,623	285,814

SARA LEE CORP.

Three First National Plaza
Chicago, Ill. 60602-4260
(312) 726-2600

Marketing Personnel

Joy Sardinsky, prod mgr-women's and men's gloves & knitwear, Aris Isotoner
Adrienne Kuman, prod mgr-Isotoner slippers, new prods
Jean Gariepy, vp & genl mgr, Bali Co.
Doug Jotcham, dir-mktg, Bali Bras
Karyl Chongas, dir-mktg, Bali Panties
Randy Fluharty, dir-mktg, mass brands, Bali Co.
Robert B. Crawford, vp-sales & mktg
E. James Weber, vp-sales & mktg
Ken Houskamp, mktg mgr
Joe Gordon, prod mgr, beef
Tim Howlett, prod mgr, convenience foods, foodsvcs div
Warren Waters, vp
Georg F. Kent, prod mktg mgr, self svc
Michael Briggs, prod mktg mgr, svcd deli, retail prod div, Bil Mar Foods, Inc.
Steen A. Metz, vp-business planning & devel, Booth Fisheries
John Lox, vp-mktg, Bryan Foods
Bob Hughes, dir mktg, Bryan Foods
Jay Leigeber, group prod mgr, Bryan Foods
Billy Brown, vp-sales & mktg, Buring food group
George Cook, dir, creative svcs, Canadelie
David Authier, dir mktg, Canadelle
Tom McCavley, sr vp, genl mgr foodsvc, Chef Pierre
Joyce Tyrrell, mktg mgr, Chef Pierre
Steve Kunkler, mktg mgr, Chef Pierre
Jonathan W. Landers, vp-mktg, Coach
Helen Chafkin, dir adv, Coach Leatherware Co.
Hans Damen, genl mktg mgr, Douwe Egberts, The Netherlands
Vells Wim, promo mgr, Douwe Egberts, The Netherlands
Michael Romer, coffee mktg mgr, Douwe Egberts, The Netherlands
Marcel Rykenberg, coffee mktg mgr, Douwe Egberts, The Netherlands
Menno Has, tea mktg mgr, The Netherlands
Steven Cooper, sr vp-planning & genl counsel, Electrolux Corp
Derek J. Stryker, vp-mktg/household, Fuller Brush Co.
Robert F. Balsdon, vp-mktg/commercial, Fuller Brush Co.
Ralph Nutter, vp-retail sales & mktg
Bob McHenry, genl mgr, deli foodsvc div, Gallo/Galileo Salame
Paul F. Wold, vp-mktg, Hanes Hosiery
Cathy Volker, vp-fashion, Hanes Hosiery
Carol Mabe, dir, Hanes brand
Pranay Shah, special project mgr, Hanes Hosiery
Steve Halbreich, adv mgr, Hanes brand
Jon Letzler, dir, Underalls brand
Molly Hughes, prod mgr, Underalls brand
Randy Royer, prod mgr, Fitting Pretty, Isotoner & Today's Girl brands
John Wigodsky, vp-mktg
Barry Boyd, vp-mktg, Hanes underwear
John Ceneviva, dir-mktg, Hanes underwear
Fran Braun, prod mgr, Hanes HerWay
Don Fought, prod mgr-fashion underwear, Hanes
Collett Thach, prod mgr, men's and boy's cotton, Hanes
Bob Moser, prod mgr, classics, pocket t's Hanes Underwear
Debbie Sills, prod mgr, ShowToons, Hanes Underwear
Steve Lineberger, prod mgr-boxers, blend, thermals, Hanes Underwear
Kirk Beaudin, president, Hanes Printables
Jim Ostrowski, vp, Hanes Printables
Daniel Ness, adv mgr, Hanes Printables
Jan Kissimon, prod mgr, Hanes Printables
Teri D. Burgess, mktg mgr, Hi-Brand Foods
James M. Williams, vp-retail sales & mktg (Heartland state region)
William G. Klump, natl dir-mktg, Hillshire Farm Co. (natl)
Jack Sletten, vp-mktg, Hollywood Brands
Walter Balden, dir-mktg, Hollywood Brands
Maria Pavia, mktg admin, Hollywood Brands
W.L.M. Van Der Mee, genl mgr, Hollywood Brands
A.J.E. Van Charldorp, mktg dir-Netherlands, Intradal
Ed Jenkins, vp-mktg, Jimmy Dean Co.
Dan Anderson, dir-mktg, Jimmy Dean Co.
Elizabeth Young, brand mgr, Jimmy Dean Co.
Dini Hogeweg, mktg coord, Jonker Fris, The Netherlands
Martin Beyer, prod mgr
Rini Buys, sales mgr
M.T. Sherlock, vp-mktg, Kiwi Brands
I.T. Plane, prod mgr, HBA prods, Kiwi Brands
J.H. Phillips, prod mgr, shoe care, Kiwi Brands
J.T. Rickenbach, household, Kiwi Brands
J.P. Greenleaf, new prods, Kiwi Brands
Michael Flatow, vp-mktg, L'eggs
Ted Cooper, dir-new prods & base brands
Suzanne Clark, dir, Just My Size
Bill Muarry, dir-promo
Dave Hauber, dir-rsch & retail admin
Robert Fraser, vp-mktg, Lyon's Restaurants
Derek Johnson, vp-mktg
Llora Kendell, prod mgr, Moccomatt
Robert Wunder, bus devel mgr, Suntipt, Moccomatt USA (unit of Douwe Egberts)
Bob Alstrin, vp-sales & mktg, Peck Meat Packing Corp
Kathy Klopfenburg, dir-mktg, Emmber Brands, Peck Meat Packing Corp.
John Gates, vp-corp programs, PYA/Monarch
Phil Caruth, president, Poultry Specialties
Larry Wucher, vp-sales & mktg, R.B. Rice
Jerry Pattillo, dir-mktg, R.B. Rice
Greg Morre, vp-retail sales & mktg
Bob Roberts, foodsve prod mgr
Julie Simonds, retail asst brand mgr, Rudy's Farm
Thomas G. McCarly, vp-mktg & res/devel foodsvc, Kitchens of Sara Lee
Bruce Williamson, vp & genl mgr, bakery/deli, Kitchens of Sara Lee
Russel Applevard, dir-retail mktg, Kitchens of Sara Lee
Robert Tarkington, group mgr-retail adv, Kitchens of Sara Lee
Tom Colle, vp-sales & mktg, Seitz Foods
Joe Kaminsky, sr vp-sales & mktg, Sirena
Patty D. Lucia, sales coord, Sirena
Charles Stacey, exec vp-sales & mktg, Standard Meat Co.
Hal Carper, dir-mktg, Standard Meat Co.
Edward W. Breclaw, vp-mktg
Pamela Johnson, vp-gourmet sales
Mary Kay Buettgen, prod mgr, coffee
Michael E. North, prod mgr, foods, Superior Coffee & Foods

Advertising Agencies

Ally & Gargano/MCA Advertising, New York—Bryan/Smoky Hollow (all refrigerated processed meats)—Jim Feeney, sr vp-mgmt super; George Bauerschmidt, vp-acct dir; George Euringer, exec vp, creative super.

(In-House)—Aris Isotoner.

Barkley & Evergreen, Kansas City, Kansas—R.B. Rice creative & pr; Connie Bookmyer, acct exec.

Berry*Brown, Dallas—Jimmy Dean Sausage, Jimmy Dean Biscuits—Bob Berry, chmn.

Burrell Advertising, Chicago—Black adv, L'Eggs hosiery—Linda Pharr, sr vp-mgmt super.

Campbell Ewald, Detroit—Bil Mar Foods, Mr. Turkey brands—Dan Kiefer, acct exec.

Chiat/Day, New York—Kitchens of Sara Lee, retail—Ira Matathia, vp-mgmt super; Nigel Carr, vp-acct planner; Lauren Press, vp-acct super; Lynn Varsell, asst acct exec; Bob Zach, vp-media dir, Rob Pellizzi, media super.

Cramer Krasselt, Milwaukee—Peck Meats—Cory Block, acct exec.

Saatchi & Saatchi DFS Compton, New York—Hanes Brand—Michael Donahue, acct super; Lyn Salzberg, mgmt super; Susan Keating, acct exec. Bali Brand—Michael Donahue, exec vp & exec mgmt dir; Wahld Cheng, vp-acct super; Susan Keating, acct exec, Bali brands and panties, Isotoner bras and panties. L'eggs brands—Michael Donahue, exec vp-mgmt dir; Michael Leahy, sr vp-mgmt super. Coach—Lyn Salzburg, mgmt super; Elizabeth Peay, acct exec.

Martin Daylor, Schaumburg, Ill.—Moccomat coffee (by Douwe Egberts)—Marty Miller ,president.

D'Arcy Masius Benton & Bowles, Chicago—Hillshire Farm natl mktg—Clark Hine, exec vp, creative svcs; Bob Meuser, sr vp-mgmt super.

H.J. Delaney, New York—PYA/Monarch—Harry Delaney, president-acct exec; Booth Fisheries—Harry Delaney, president.

Dillard & Lavine, Dallas—Standard Meat Co.—Steve Lavine, acct exec

Evans Advertising, San Francisco—Lyon's Restaurants—Tod Norgaard, exec vp-acct svcs; Martin D. Rockey, creative dir

FHV-BBDO, Amstelveen, The Netherlands—Douwe Egberts Coffee—Bert Duynstee, Rob Troost, acct dirs, coffee

Frankenberry, Laughlin & Constable, Milwaukee—Hillshire Farm heartland state region

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See page 57

—Tami Quinlan, acct exec; Dick Papke, acct super; Steve Laughlin, creative dir.

Henderson Advertising, Greenville, S.C.—Hanes Printables consumer adv—Jim Brandhorst, president; Gordon McDonald, acct dir; Heyward Whetsell, mgmt super; Sharon Boretsky, acct exec.

Bill Hudson Inc., Nashville—Rudy's Farm—Nick Damico, acct exec.

Jordan, McGrath, Case & Taylor—New York—Underalls (Hanes)—Don Gilbert, acct super; Aune Kirkwood, acct mgr; Jeanine Hirschfield, acct exec.

Lewis, Gilman & Kynett, Philadelphia—Kiwi Brands, Kiwi, Bloo, Miracle White, Jonny Blue/Jonny Green, Toilet Duck, Sting Kill, Wood Preen—Joseph Barone, vp-mgmt super; Roger Farabee, Joe Fisher, acct excs.

Long, Haymes & Carr, Winston-Salem, N.C.—Mass Foundations Group (Bali, L'eggs, Hanes)—Loren Chamberlin, exec vp; Myra Faulkenberry, acct exec. Fitting Pretty, Isotoner—Don van Erden, mgmt super; Brian Marshall, acct super; Lynne Patram, acct exec. Hanes Underwear brands of mens, boys, girls underwear—Loren Chamberlain, vice chmn, chief mktg officer; Bill Britt, vp-mgmt super.

Malcy Spivak Inc., Kansas City, Mo.—Seitz Foods—Dennis Spivak, president, acct super; Melanie Thomas, acct exec.

John Malmo Advertising, Memphis—Buring Food Group—Bob Wittich, acct exec.

Ketchum/Mandabach & Simms, Chicago—Sara Lee foodsvc—B. Bentkover, sr vp-creative div; A. Mallen, acct super; C. Caravello, asst acct exec.

Maris West & Baker, Jackson, Miss.—Bryan canned meats—Gerrit Maris, president; Henry B. Ford, acct super.

Howard Marlboro Group, New York—Superior Coffee & Food, gourmet div—Jim Rowe, acct exec.

Lynn Medberry Associates, Los Angeles—Sirena swimwear line, Wear About beachwear line—Lynn Medberry, owner-acct exec; Edward Freeman, acct exec.

Media That Works, Cincinnati—Gallo—Eileen Wienert, acct mgr. Jimmy Dean, (all prods)—Mary Beth Price, president.

Mendenhall & Leistra, Grand Rapids, Mich.—Bil Mar and Deli Perfect brands—Bill Mendenhall, acct exec.

Noble & Associates, Chicago—Superior coffee & foods—Raymond Jorns, vp-acct service.

Northlich Stolley, Cincinnati—Chef Pierre—Bruce Mackey, acct exec.

Proctor & Gardner Advertising, Chicago—R.B. Rice media svcs—Rolfe Kolconay, acct exec.

Puskar, Gibbon, Chapin, Dallas—Jimmy Dean Mesquite smoked sausage, muffins, microwave sausage, chili, new prods—Jim Gibbon, president; Tony Dammicci, acct super.

Scott Advertising, Milwaukee—Emmber Brands, Peck Meat Packing—Chuck Reynolds, Kathie Cavallo, acct execs.

Simmons, Durham & Associates, St. Louis—Hollywood Brands—Ted Simmons, president, creative dir; Tim Tulloch, vp-creative; Mike Eckerd, vp-creative.

Sive Associates, Cincinnati—Kahn's & Co.—Hillshire Farm, natl mktg, media services—Phil Mandel, vp-mktg planning; Linda Jackson, acct exec.

Sullivan & Findsen, Cincinnati—Hillshire Farm natl mktg, sales promo, merch—Kirby Sullivan, president; Mike McCalmont, acct exec.

Uniworld Group, New York—Kiwi Brand, Kiwi Brands, Inc., Ambi, Mia—Herb Kemp, president; Miriam Muley, Maritza Roche, Rita Young, acct execs.

Carol H. Williams Advertising, San Francisco—Gallo, Galileo Salame—Robert Brown, exec vp, dir-client svcs.

Schering-Plough Corp.

RANK **43**

Madison, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,399	2,079	15.4
Net income	398	310	28.4
U.S.	**1986**	**1985**	**% chg**
Sales	1,416	1,257	12.6
Operating profits	313	240	30.4
Advertising	203	171	18.6
Division sales	**1986**	**1985**	**% chg**
Pharmaceutical	1,558	1,274	22.3
Consumer prods.	841	805	4.5

Schering-Plough, which pulls the lions share of its sales and earnings from ethical drugs, continued to build market strength in its consumer product lines, particularly Fibre Trim diet aid product and DuraSoft contact lenses by spending 18.6% more on advertising in 1986 than in 1985.

Fibre Trim, Schering-Plough's natural diet aid product, helped boost company over-the-counter sales by 28% in 1986. Introduced in December 1985 at a cost of $25 million, Fibre Trim is the largest single advertised product in S-P's lineup. Its measured media expenditure in 1986, according to BAR/LNA, was $16.5 million, which is expected to double in 1987, partially because of a calcium-added version introduced in December.

Also in 1987, a new OTC ophthalmic pharmaceutical, Ocuclear Eye Drops, was launched in January, backed by $10 million, largely network TV and print.

St. Joseph aspirin got a line extension, an aspirin-free liquid fever reducer, as did Drixoral with Drixoral Plus—a combination of symptom relief that includes a pain reliever and fever reducer in a long-acting OTC cold medication. Drixoral, formerly a prescription drug, is tied with SmithKline Beckman's Contac for No. 4, with a share of 8% in $1.1 billion cold-remedy market. Procter & Gamble's (Richardson-Vick's subsidiary) Nyquil leads with a 12% share, followed by two products from Burroughs Wellcome, Actifed (10%) and Sudafed (9%).

The company says expectations have been met for the first full year on the market for Afrin nasal spray and Tinactin antifungal medication. Afrin spending was boosted in 1986 to $3.5 million, up from $176,200, and Tinactin to $4.5 million, up from $1.7 million in 1985.

Maybelline cosmetics fought off strong competition from Noxell's Cover Girl at the beginning of 1986, coming out with an 18% share of the $2.43 billion color cosmetics category, down from 20.9% the prior year. Cover Girl claimed 15%.

Although Maybelline sales were down for the first three quarters and for the full year, they began to move upward again in the fourth quarter as product introductions and new advertising reached the market—a pace continued into 1987.

Maybelline launched 14 new products in the first quarter of 1987. Two of them, Maybelline aerosol mousse makeup and Eye Pearls eye shadow, were the first of their kind to reach the U.S. market.

Overall, Maybelline received $35 million in measured media support in 1986. Maybelline mascara received the largest expenditure of $9.1 million, down 5.2%; $4.9 million was spent on nail color, even with 1985, and $4.5 million supported Moisture Whip Lipstick, up 55%.

DDB Needham, Chicago, was named the major agency for the Maybelline USA division with an estimated $40 million in 1987 billings, replacing Ted Bates Advertising (now Backer Spielvogel Bates).

Suncare products turned in a record sales performance, largely because of the introduction of several new and reformulated products. The Coppertone line, which drew $4 million in measured media, down 27.2% from the prior year, was reformulated and repackaged in 1986, while Tropical Blend introduced a waterproof oil. Coppertone launched a spray version of sun protection for the tan-with-protection market, one of the groups of sun-conscious consumers the company had identified a year earlier. Water Babies, a non-stinging suncare product, entered the children's market. Solarcaine added a cooling aloe vera spray version, while a neon-tinted waterproof sunscreen, called Zinka, appealed to the fashion-conscious.

The Dr. Scholl's footcare line maintained its No. 1 market position as sales rose by 13%, to $135 million. The company expects to complete the sale of Scholl International during the third quarter. European Home Products PLC will pay Schering-Plough $160 million for the European, Latin American and Far Eastern portions of the Scholl business. Schering-Plough will retain the U.S., Canadian and Caribbean business. Dr. Scholl's products drew $6.9 million in measured spending, up 7.8% in 1986.

Wesley-Jessen, Schering-Plough's vision-care subsidiary, saw its sales skyrocket by 200% from $40 million in 1986. Company sources attribute the boost in sales to the enormous success of the DuraSoft 3 Colors soft contact lenses, which in one year have amassed a 15% share of the $450 million contact lens market. First to alter the appearance of any eye color, the product appealed to the fashion-conscious. It was backed by $8 million. DuraSoft 3 is being bolstered by new line extensions. A hazel opaque color version already has appeared on the market, while at least three other colors are on the drawing boards.

Pharmaceuticals account for 65% of Schering-Plough's sales. Several of these products—including Nitro-Dur, Theo-Dur, Lotrisone, Proventil and Normodyne—turned in especially strong performances, contributing to a 20% increase in pharmaceutical sales. Theo-Dur, an asthma medication, is the company's leading prescription product, with 1986 sales exceeding $120 million worldwide. Another asthma prescription medication, Proventil, had 1986 sales of $79 million, a 36% increase over 1985. The company expects total Proventil sales to exceed $100 million in 1987. A long-acting version of this product, Proventil Repetabs, was introduced in August.

Two cancer medications, Eulexin and Intron A, continued to be sold in the U.S. and abroad. Combined sales for the two products could hit $100 million by 1990, according to Rudolph C. Carryl, analyst with Value Line Investment Survey.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	141	200
Magazines	21,863	24,822
Newsp. supp	135	129
Bus. pubs	1,236	1,392
Farm pubs	436	560
Network TV	55,940	39,308
Spot TV	3,306	4,117
Network radio	11,442	4,847
Spot radio	1,694	5,871
Outdoor	679	1,030
Network cable	3,151	2,062
Total measured	100,023	84,337
Unmeasured	103,337	87,131
Total	203,359	171,468

SCHERING-PLOUGH CORP.
One Giralda Farms
Madison, N.J. 07940-1026
(201) 822-7000

CONSUMER OPERATIONS
Memphis

Corporate Personnel

R. Lee Jenkins, exec vp

Corporate Media Buying

Lake-Spiro-Shurman, Memphis—media placements for U.S. Consumer Operations, including Maybelline USA and Personal Care Group—Avron Spiro Jr., president; Gene Camerik, vp-media resources; Robert Maxwell, dir-mktg svcs; Ron Mednick, vp-media planning; Lewis Nolan, vp-comm; Lynn Sanders, vp-natl media.

MAYBELLINE USA

Corporate Personnel

David Brittain, president
Hank Pellegrin, exec vp

Marketing Personnel

Gary Mulloy, sr-vp-mktg, adv & mktg rsch
Bob Schreiber, vp-adv
Chris Berry, vp-new ventures
Roz Daiboch, vp-prod devel
Geoff Crane, group mktg mgr-Blooming Colors, Long Wearing, special projects
Cathy Wills, group mktg mgr-Moisture Whip, Expert Eyes, face & lips prods
Ken Goff, group mktg mgr-Shine Free, Mascara & Liner prods

PERSONAL CARE PRODUCTS (Plough USA, Scholl USA)
Chicago

Corporate Personnel

Mike Pietrangelo, president

Marketing Personnel

Gerry Nobrega, sr vp-mktg & adv
Russell Elliot, sr vp-mktg & adv rsch
Robert Cullen, vp-new prods
Tony Guiliano, vp-suncare prods
Jim Roudebush, vp-footcare prods
Steve Bobowski, sr business dir, proprietary drugs
Don Anderson, dir-mktg foot health prods
Tim Ballage, dir-mktg specialty footcare prods
Miller Slaughter, dir-mktg insoles, Legatrin, sports medicine prods

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Dr. Scholl's—Lynn King, acct super; Joan Rothberg, exec vp.

Robert A. Becker Inc., New York—prescription prods—Robert A. Becker, president; Raymond Perry, sr vp-mgmt super; Doug Frank, acct exec.

Bergelt Advertising, New York—Schering veterinary ethical prods—Edward Bergelt, chmn; Robert Trybus, president; John Fraoli, vp-art dir; Jay Levy, acct exec.

Bloom Cos., Dallas—Di-Gel, Aftate, Feen-a-mint, Solarcaine, Shine Free, Tropical Blend—Sherri Babcock, acct super.

Bryant, Lahey & Barnes, Overland Park, Kan.—Continental Animal Health, American Scientific Laboratories—Forrest Bryant, president; Lorraine Barnes, vp-acct super.

DDB Needham Worldwide, Chicago—all Maybelline cosmetics, incl. Moisture Whip—Dawn Hudson, group acct dir; Mary Conrad, mgmt rep; Nancy Bernstein, Catherine Schulte-Herrman, acct supers; Beth Kennedy, Patrick Collins, acct execs.

Della Femina, Travisano & Partners, New York—Coppertone—Michael Meyer, group dir; Barbara Carr, acct super; Karee Rubinstein, asst acct exec.

Ketchum Advertising, New York—medical, paramedical, trade & consumer promo, otc prods—Paul J. Abrams, sr vp-dir, sales promo.

Lewis, Gilman & Kynett, Philadelphia—prescription prods—Charles Mathias, vp-acct super; Warren Dordine, acct exec.

William Douglas McAdams, New York—prescription prods—Irwin Gerson, president; Anthony D'Onofrio, sr vp; Joseph Carobene, vp-acct super; Irving Swab, acct super.

Ogilvy & Mather, New York—Chlor-Trimeton, Fibre Trim, new prods—Doug Bruce, sr vp-mgmt super.

Rolf Werner Rosenthal, New York—prescription prods—Rolf W. Rosenthal, president-ceo, Ronald J. Souza, sr vp-dir, client svcs; Phil Brady, vp-acct group super; Paul Schneider, acct super.

Warwick Advertising, New York—St. Joseph's prods, Duration, Sardo, Artra, Sulfer-8 line, Black & White line, QT prods, Correctol

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laxatives, Mexsana medicated powder, Aspergum, Sudden Tan.

Young & Rubicam, Chicago—Dana Anderson, vp-mgmt super; Blake Thomas, acct super; Michael Powers, acct exec; Mary Hasten, assoc media dir; Linda Cyza, media super; Jo Ann Relland, media planner.

INTERNATIONAL GROUP

Corporate Personnel

Ron Mohling, president
Ricardo Borserini, dir-southern Europe
John Conte, genl mgr-Rimmel Cosmetics (U.K.)
Harold Kleber, genl mgr, Chicago Cosmetics (W. Germany)
Raul Ordonez, dir-Latin America
Michael Scholl, dir-northern Europe
Ake Tahti, dir-Scandinavia, central Europe
Doug Witherspoon, dir-Canada, South Africa, Australia, New Zealand
Peter Wrightson, dir-Pacific Asia

Marketing Personnel

J. Richard Briscoe, sr vp, mktg & adv
Pat Trezona, vp-mktg

PHARMACEUTICAL OPERATION

Schering Laboratories

Kenilworth, N.J.

Marketing Personnel

J.P. Garnier, sr vp-otc
Rogers Campbell, dir-new prods
Robert Nissen, dir-mktg
Kent Stephan, dir-mktg
Steve Schneider, sr vp-Rx
Edward Heimers, dir-mktg
Joshua Weinstein, dir-mktg

WESLEY-JESSEN

Chicago, Ill.

Marketing Personnel

Grady A. Deal, president
Fred Fritz, vp-mktg & sales
Thomas Steiner, dir-mktg

Seagram Co. Ltd.

RANK 91

Montreal

($ in millions)

Worldwide	1987	1986	% chg
Sales	3,346	2,971	12.6
Net income	423	319	32.7

U.S.	1987	1986	% chg
Sales	1,778	1,739	2.2
Operating income	(67)	14	(578.6)
Advertising	95	109	(13.3)

While Seagram Co. Ltd., Montreal, continued to prosper, the wines and spirits marketed by its principal U.S. subsidiary, Joseph E. Seagram & Sons, New York, suffered from an overall slump in the U.S. industry brought on by lower consumption, increased competition and the need to support product lines with heavy promotional dollars.

The slump is reflected in a decline in operating income in the U.S. from $14 million in the fiscal year ended Jan. 31, 1986, to a loss of $67 million for fiscal 1987. Part of the loss included $35 million in restructuring costs related to the sale of some of its U.S. wine business and reorganization of its U.S. spirits marketing division.

The company has stepped up its advertising and sales promotion spending worldwide, boosting its fiscal 1986 outlays 10.3%, to $344.2 million for fiscal 1987, an increase reflected largely in stepped up spending in the wine and spirits cooler categories.

Seagram Co. Ltd., controlled by Canada's Bronfman family, is the world's largest producer and marketer of distilled spirits and wines, with affiliates in 27 countries. The company also owns a 22.5% stake in E.I. du Pont de Nemours & Co., from which it folded into its net income $154.1 million in dividends and $169.1 million in unremitted earnings in fiscal 1987.

In April 1987, Joseph E. Seagram & Sons reorganized its House of Seagram unit, replacing the House's four national spirits companies with a single sales force, one marketing unit and centralized finance and administration. House of Seagram is the New York-based company's domestic marketing arm for distilled spirits and wine coolers. The four companies, Seagram Distillers Co., 375 Spirits Co., Perennial Sales Co. and Summit Sales Co., in effect, were eliminated.

The group that markets Seagram's wine coolers, Seagram Beverage Co., was unaffected by the reorganization, and it remains inside the House of Seagram but separate from the spirits unit. It is headed by C. Richard Coffey, president. Also not affected by reorganization were the subsidiaries that market California and imported fine wines: Seagram Classics Wine Co. and Seagram Chateau & Estate Wines Co. Both are separate from the House of Seagram and no longer under Seagram Vintners, which was dissolved with the sale of Seagram's mass market wines.

The restructuring is meant to fine tune Seagram marketing on the local level where grocers, liquor store chains and large independent stores have grown highly influential in retailing of distilled spirits and wines.

The big ad money at Seagram in 1986 chased the wine cooler market in which it spent $26.7 million on Seagram's wine coolers with $16.3 million of that total spent on Seagram's Golden wine cooler. These were among the few products that received greater measured spending in 1986 compared with 1985, when companywide measured spending was 13.4% higher.

The $1.2 billion wine cooler industry is dominated by the big ad spenders. According to *Impact*, M. Shanken Communications' New York-based trade journal for the wine and spirits industry, Seagram, with three cooler entries, held a combined estimated share of 13.6% in 1986 (up from 9.3%). This compares to Gallo's Bartles & Jaymes 22.9% (17.5% in '85), Brown-Forman Corp.'s California Cooler, 17.5% (26.8% in '85) and Canandaigua Wine Co.'s Sun Country, 14% (13.8% in '85). Seagram and Gallo both supported their coolers with $30 million in advertising, while Canandaigua spent $29 million, and Brown-Forman spent $25 million.

Seagram's original and premium wine cooler brands were joined in 1986 by Golden wine cooler, whose sales rose to 4 million cases as a crooning Bruce Willis, of ABC-TV's hit series "Moonlighting," became spokesman for the brand. A spirit-based line of coolers, Seagram's Golden Spirits, also was introduced.

Among its spirits, the biggest Seagram ad outlay in measured media went to Seagram's Crown Royal Whisky. Ad spending of $6 million, up 3.4% from 1985, backed the premium brand, which had case depletions of 1.3 million, down 1.5% from 1985, according to *Impact*. Crown Royal and Seagram's V.O. Canadian Whisky together amassed a combined 62% share of the premium whiskey market. V.O.'s measured spending of $3.4 million was down 49%.

Seagram's Extra Dry Gin remained a top-seller with a 20% share of U.S. gin sales, backed by $3.2 million in measured support, down 17.9%. Seagram cut media spending 55% to $1.3 million for Seagram's Imported Vodka, which experienced a sales decline of 38%.

Chivas Regal premium scotch, which holds a 60% share of its category, was supported by $3.2 million in measured media spending, down 39.6%. Advertising, directed to a consumer who now consumes less spirits, stated, "Drinking less? Then drink better." The brand's first full-scale campaign targeted to blacks was launched by Mingo Jones, New York. Ads feature such well known people as Diahann Carroll as "Regal Women."

Seagram reassessed its role in the wine industry with the March sale of its mass market wine holdings, leaving the company to concentrate on two wine product categories—premium wines, which it considers to be the most successful segment of the wine business, and wine coolers.

Its popular-priced wine brands—Taylor California Cellars, Taylor New York, Great Western, Gold Seal Wines, Partager, a French table wine brand, and Paul Masson (to which the company retained Canadian rights)—were sold for $220 million to newly formed Vintners International Co. Seagram now focuses on such premium brand names as Domaine Mumm, Sterling Vineyards and Bandiera Winery.

As a result of the sale, Seagram Classic Wine Co. has relocated to San Francisco from New York, while Seagram Vintners was dissolved. Former Seagram Vintners chairman, Abdallah H. Simon, now serves as chairman of Seagram Chateau & Estate Wines Co., which remains in New York. Brands in this group include company-owned Sandeman ports and sherries, Perrier-Jouet champagnes and Torres Spanish wines.

In May of this year, the Seagram Co. Ltd. committed $12 million to create an industry-sponsored insurance group to provide liability insurance to spirits and wine retailers. Retailers have been affected by rising insurance liability premiums connected to driving-while-intoxicated accidents and related incidents.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	6,417	7,054
Magazines	23,369	29,685
Newsp. supp	3,177	1,931
Bus pubs	603	1,053
Network TV	21,124	15,630
Spot TV	3,166	8,785
Network radio	1,959	521
Spot radio	519	1,092
Outdoor	10,140	15,370
Network cable	567	769
Total measured	71,038	81,890
Unmeasured	23,893	27,543
Total	94,932	109,433

JOS. E. SEAGRAM & SONS

375 Park Ave.

New York, N.Y. 10152

(212) 572-7000

Marketing Personnel

Edgar M. Bronfman, chmn
David G. Sacks, president
Richard K. Goeltz, exec vp-finance
Stephen E. Herbits, exec vp-corp devel
Stephen E. Banner, legal counsel to corp
Charles M. Andolsek, vp, Seagrams Co. Ltd.
Earl Axelson, vp-Human Resources, corp
Leslie Bluhm, vp-rsch & devel
John L. Brady, vp-pr
Ronald P. Carzoli, vp-human resources
Robert Cherundolo, vp-human resources-U.S.
Robert L. Cook, vp-labor relations
Wesley A. Corner, vp-packaging
Edward Falkenberg, vp-controller
William K. Friedman, vp-corp affairs
Alain deGunzburg, vp-acquisitions & devel
Kenneth Levine, vp-govt affairs
Arthur S. Margolin, vp-special asst to office of chmn & president
M. Jacqueline McCurdy, vp-state & industrial relations
Edward F. McDonnell, president, Seagram International
Russell W. McLauchlan, vp-quality mgmt
Anthony L. Paalz, vp, dir-taxes
Daniel R. Paladino, vp-genl counsel & secty
Stephen Shechtman, vp-financial planning
Hannah S. Sistare, vp-public policy
Richard P. Swigart, vp-corp pr
Thomas Trainer, vp-mgmt info systems

HOUSE OF SEAGRAM

Marketing Personnel

Edgar Bronfman Jr., president
Peter Dimsey, exec vp-mktg
Jerome S. Mann, exec vp-sales
Martin H. Bart, sr vp-sales
Joel Boyarski, exec vp-finance & admin
James L. Chadwick, vp-new prod devel
C. Richard Coffey, president, Seagram Beverage Co.
Andrew Harman, vp-sales svcs
Sheldon Katz, vp-sales promo
Thomas K. McInerney, vp, dir-mktg, Seagram brands
Donald Nickless, vp-mfg
Arthur Shapiro, vp-mktg rsch & planning
Michael R. Stagliano, vp-control states relations
Bernard Solbof, vp-media
John Vandervort, vp-sales devel & svcs
Richard P. Shaw, vp, dir-mktg, 375 spirits brands
Angelo Vassallo, vp, dir-mktg, Perennial brands
Lawrence J. Weiss, vp-natl acct sales

SEAGRAM CLASSIC WINE CO.

Marketing Personnel

Sam Bronfman II, president
James L. Bareuther, exec vp-mktg & sales
Michael Harbison, exec vp-finance & admin
Louis Keyes, vp, dir-mktg
Bernard Ganter, dir-Mumm, N. America
Russell Ach, prod mgr
John Esposito, vp-natl sales mgr
John Agate, prod group dir
George Sandeman, prod mgr
Arnould Despointes, dir-import operations, B&G, N. America
Yoram Kafkafi, dir-Carmel wines, N. America
Louis Keyes, vp, dir-mktg
Barbara Edelman, pr dir

SEAGRAM CHATEAU & ESTATE WINES CO.

Marketing Personnel

Abdallah H. Simon, chmn
David S. Milligan, president
John W. Laird, vp-sales mgr, metro N.Y.
Maurice Lartigua, sr vp

Advertising Agencies

DDB Needham Worldwide, New York—Captain Morgan Rum, Chivas Regal, Crown Royal, John Jameson, Jameson 1780, Leroux, Mumm V.S.O.P Cognac, Myers's Rum, Lord Calvert Canadian, Royal Salute—David Sklaver, exec vp, Mark Abrams, vp-mgmt super; Rick DeNatale, vp-acct super; Tom Dean, Chris Abelt, acct execs; Sue Finnigan, Brian Mulhern, asst acct execs.

Levine, Huntley, Schmidt & Beaver, New York—Armagnac DeMontal, B&G, Bersano, Brolio, Burnett's Gin, California Boutiques, California Estates, Calvert Extra, Carmel Wines, Crown Russe Vodka, Julius Kayser, Kessler, Kessler whiskey, Monterey Vineyard, Mumm Champagne, Nikolai Vodka, Passport Scotch, Ronrico Rum, Sterling Vineyard, Tuaca Liqueur, Wolfschmidt Vodka—Jane Pack, sr vp-mgmt super, Steve Barcan, vp-acct super, Paul Meyer, acct exec; Karen Kaun, asst acct exec.

Mendoza, Dillon & Asociados, Newport Beach, Calif.—hispanic adv—Richard E. Dillon, president.

Mingo-Jones, New York—ethnic adv for various brands—Samuel Chisholm, sr vp-client services; Roland Chandler, vp-mgmt super, William McGuins, mgmt super, Marla Currie, Darrell Hilliard, acct supers, Ray Brown, media dir; Kalvin McDowell, acct dir, , Chestnut Crandell, asst acct exec.

Ogilvy & Mather, New York—Boodles Gin, Canadian Hunter, Golden Spirits, House of Seagram corporate, Seagram's Gin, Seagram Wine Coolers, 7 Crown, The Glenlivet, V.O.—Norman Berry, president-NY office, creative head-worldwide; Clifford Angers, sr vp-acct group dir; Michael Newbrand, sr vp-group dir; Joel Barad, vp-mgmt super; Jed Bernstein, Mark Goldman, mgmt supers; Harold Sogard, Greg Stern, Steve Kenety, Bruce Nathanson, acct supers; Paul Hesser, Betsy Lovejoy, Cathleen Frick, Marion Macaro, Tony Nieves, acct execs.

Sears, Roebuck & Co.

RANK 3

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	44,281	40,715	8.8
Net income	1,351	1,303	3.7
U.S. advertising	1,005	800	25.6

Division sales	1986	1985	% chg
Sears	27,667	26,557	4.2
Allstate	12,638	10,379	21.8
Dean Witter	3,415	2,857	19.5
Coldwell Banker	1,152	949	21.4
Sears World Trade	N/A	236	N/A
Other	489	188	160.1

Sears, Roebuck & Co., after successfully diversifying into the growing consumer financial services arena, intends to strengthen its position as the nation's leading retailer by adopting a specialty retailing veneer.

Sears, which reported a worldwide advertising budget of $1.129 billion, up 15.8% from 1985, largely advertises in the U.S., according to a spokeswoman. Sears says its worldwide ad figure excludes catalog costs but includes $500 million for the Merchandise Group's newspaper budget, spent largely on local run-of-press and preprint newspaper ads, and $250 million for the Merchandise Group's broadcast budget. Allstate accounts for $26 million; Coldwell Banker, $10 million; Dean Witter, about $13 million, and more than $35 million for the Discover combination credit/financial services card.

Sears would not further identify what additional costs are included in its worldwide ad figure. Often overhead expenses such as salaries, office costs, rent and travel are included in published figures.

Newspaper preprints continue to be the chain's major advertising medium, and Sears remains ranked as one of the largest network radio advertisers, with a budget of more than $47.6 million in measured media spending.

In 1986 Sears began paying more attention to the Merchandise Group, the division which made it the world's largest retailer. The group includes 807 general retail stores, 24 smaller-sized stores, 658 catalog sales outlets, 52 specialty paint/hardware stores, 59 computer stores and 107 company-owned surplus stores.

Sears also franchises in-store dental, optical and photographic departments in many locations. As of July 1987, franchised dental centers operated in 74 Sears stores, while more than 600 optical centers were located in nearly every major market.

At each of its retail locations, an average 60.6% of 1986 merchandise sales were charged on Sears credit cards, compared with 62% in 1985. Although this percentage declined, a company spokeswoman says the difference was because more charges were made on the company's Discover Card. The Discover Card is Sears' key to cross-sell financial services and investments.

The Merchandise Group's retail credit and international operations in 1986 represented 61% of the company's $44.3 billion total revenues, down slightly from a 65% contribution in 1985. The company says domestic merchandising revenues improved 2.5%, primarily due to stronger sales of housing-related merchandise and apparel.

In 1986, Michael Bozic, formerly president of Sears Canada Ltd., was named chairman-ceo of the Merchandise Group, with the directive to modernize the unit. Mr. Bozic's strategy is to make Sears more of a specialty retailer; his first move was to buy Eye Care Centers of America Inc., a 42-store optical chain based in San Antonio. Mr. Bozic brought in former Sears executive Al Goldstein to oversee

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the company's specialty retailing strategy.

Mr. Bozic intends to upgrade the chain's 807 general merchandise stores to appeal to more fashion-conscious consumers. The strategy includes creating focused clothing "shops," such as McKids for children's casual clothing and Trader Bay, a young men's shop.

One of the Merchandise Group's main objectives is to get more "core customers" into Sears stores. A core customer is defined as one who has a Sears credit card and/or is a regular catalog shopper. A company executive says a typical Sears store gets 65% of its retail sales from 50% of the households in the market.

Last year the Merchandise Group opened 24 small and medium units, designed to serve markets with populations of 75,000 to 100,000, and Sears plans to have 15 more opened by the end of 1987. Many of the 10,000-sq. ft. stores sell Sears appliances and other hard goods exclusively.

Sears in late 1986 consolidated its estimated $125 million broadcast account at Ogilvy & Mather, Chicago. O&M had handled the estimated $75 million Sears appliances, tools and hardlines account, while DDB Needham, Chicago, handled the $50 million apparel account.

The consolidation reflected Sears' restructuring of its field management organization into three zones—North, Temperate and Sunbelt—thereby putting more emphasis on regional marketing programs. A Sears exec says it merely was a recognition "that people in different parts of the U.S. want to buy different goods."

Sears in mid-1987 announced it had agreed to extend its participation in QVC Network Inc.'s home-shopping cable TV program to March 31, 1989. West Chester, Pa.-based QVC has the exclusive TV rights to sell Sears' products.

Sears has expanded into insurance through its Allstate Insurance Group, Northbrook, Ill.; real estate via Coldwell Banker Group, Los Angeles, and stocks and other securities through the Dean Witter Financial Services Group, New York.

Sears remains optimistic that its nearly two-year-old Discover Card can hold the full range of financial services together—from credit to car loans, insurance policies to home mortgages.

The Sears Financial Network, Sears' umbrella name for Allstate, Coldwell Banker and Dean Witter, contributed more than $844 million in profits to Sears' 1986 net income of $1.351 billion. The members of the network each have primary responsibility for promoting the affiliation with Sears.

Allstate made a subtle change in its ad theme during 1986, adding "Leave it to the good hands people" as a preface to its "you're in good hands with Allstate" theme, now nearly 30 years old. Leo Burnett USA has handled the account since 1957. Current budget is about $30 million.

Allstate profits of $750 million on revenues of $12.638 billion helped boost Sears' corporate bottom line in the wake of somewhat disappointing results in the merchandise group.

Allstate is moving away from promoting its products as a convenient way to shop in Sears stores, instead focusing on outside agent locations, which represent the bulk of its business. Allstate has found its biggest success in the property-casualty insurance sector, in which it ranks second to State Farm Mutual Insurance Cos., Bloomington, Ill.

In 1986, Dean Witter Financial Services Group, New York, reported revenues of $3.415 billion but posted a $37 million loss due to the cost of introducing the Discover Card. However, the unit reported a profit of $37.1 million in the first six months of 1987. Discover Card, with more than 15 million cardholders, should begin showing a profit by 1988, says Dean Witter Chairman-CEO Philip Purcell, who notes Discover is well on its way to achieving its 1987 objective of becoming the leading card issued by a single bank. More than 617,000 merchants, including K mart, the nation's second-largest retailer, now accept the card.

J. Walter Thompson USA, Chicago, handles Discover's estimated $50 million account. An ongoing campaign concentrates on selling the practical benefits of using the combination credit/financial services card.

Although Dean Witter's bottom line is improving, a report issued by Paine Webber indicates Dean Witter's average return on equity, 7.7% in 1986, was below the 11.3% average return for national full-line companies. To improve its rate of return, Dean Witter is moving into investment banking, hoping to help fund takeover deals. Last spring, the brokerage house established a $250 million fund for investments in acquisitions in which it is a principal.

Dean Witter also sold 50 Sears Savings Bank retail branches in California to Citicorp. The company says consumer financial services will continue to be offered through the Sears Financial Centers.

Dean Witter, through Lord, Geller, Federico, Einstein, aired a new "You're somebody at Dean Witter" campaign, which featured celebrity siblings giving testimonials about the service they received. The first two siblings featured were TV director Dick Carson, younger brother of TV talk-show host Johnny Carson, and college coach Eddie Payton, younger brother of Chicago Bears running back Walter Payton.

During 1986, Coldwell Banker Real Estate Group continued to expand its market coverage and penetration. Earnings were up 9.8% and revenues jumped 21.3%. In 1986, Coldwell Banker sold 313,000 homes, an estimated 9% of all resale homes sold in the U.S., compared to a 1.3% market share when Coldwell Banker was acquired by Sears in 1981. The company expects its market share to hit 10.8% in 1987, or 350,000 home sales.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	42,934	19,190
Newsp. supp.	3,247	862
Bus pubs	741	875
Network TV	127,804	122,657
Spot TV	29,226	34,421
Network radio	47,658	20,803
Spot radio	21,928	16,505
Outdoor	309	430
Network cable	2,552	4,340
Total measured	276,398	220,083
Unmeasured	728,309	579,917
Total	1,004,708	800,000

SEARS, ROEBUCK & CO.
Sears Tower
Chicago, Ill., 60684
(312) 875-2500

SEARS MERCHANDISE GROUP
Chicago
Marketing Personnel

Michael Bozic, chmn & ceo-merch group
Joseph Batogowski, sr exec vp-merch
Alfred G. Goldstein, president, Sears specialty merch
Thomas E. Morris, vp-mktg
Ralph Hoch, natl retail genl merch mgr
A. Thomas Royal, natl catalog genl merch mgr
William Cora, natl retail adv mgr

Advertising Agencies

Vince Cullers Advertising, Chicago—Black consumer adv—Jeffrey Cullers, mgmt super.

Hispania Advertising (sub. of JWT USA), New York—Caroline Demy, sr vp-genl mgr; Marta Perez Gerdez, acct super, Chicago; Nancy Chalfin, acct rep.

Nellson-Woodward, Chicago—Yellow Pages adv—Garry Woodward, acct exec.

Ogilvy & Mather, Chicago—Apparel, home fashion, merch group, hard lines, Sears Business Systems Centers—Bill Whitney, exec vp-mng dir; Allan Mager, sr vp-group dir. Sears Business Systems Centers—Robert Vail, vp-mgmt super; Brenda Miller, acct super. Automotive and recreation—Robert Vail, vp-mgmt super; Don Campbell, acct super; Ole Riise, acct exec. Home improvements—Dan Delaney, vp-acct super; Paula Serios, acct exec. Appliances and electronics—Randy Seffren, vp-mgmt super; Jeff Totaro, acct super; Colleen Kelly, Bill Valtos, acct execs.

Ogilvy & Mather Promotions, Chicago—sales promotion—Mike Slott, vp-mng dir, James Neidorf, dir mktg; Cathy Parks, Brett Meeker, acct execs.

SEARS FINANCIAL NETWORK
Chicago
Marketing Personnel

Donald Holmes, mktg mgr

Advertising Agency

Marcoa Direct Advertising, Chicago—John Rosenberger, vp-acct super; Camille Thiele, asst acct super.

ALLSTATE INSURANCE GROUP
Northbrook, Ill.
Corporate Personnel

John K. O'Loughlin, sr exec vp

Marketing Personnel

John Flieder, asst vp-adv
Michael Scardina, adv dir
Kenneth Zarzynski, adv mgr
Ellen Steele, mktg mgr

Advertising Agency

Leo Burnett USA, Chicago—Ron Sims, acct dir; Nancy Voorhees, acct super; Jim Gregory, Kenneth Schmid, acct execs.

COLDWELL BANKER
REAL ESTATE GROUP
Los Angeles
Marketing Personnel

Robert A. Rist I, vp-mktg

Advertising Agency

BBDO/West, Los Angeles—Patrick Rogge, sr vp-mgmt super; Karen Sharp, vp-acct super; Madeline Greenberg, acct exec.

DEAN WITTER FINANCIAL
SERVICES GROUP
New York
Marketing Personnel

Nancy S. Donovan, exec vp-mktg dir
William Walsh I, vp-dir adv
Ernest Campo, dir-adv, Discover Card Service
William Salter, vp-mktg svcs, Discover Card
Rosalie Dedo, vp-mktg, Sears Savings Bank (Glendale, Calif.)

Advertising Agencies

Lord, Geller, Federico, Einstein, New York—Dean Witter corp adv—Bruce Albert, sr vp-mgmt dir; Moira Hearne, Judith Ehrlich, mgmt supers; Edra Haynes, acct coord; Brian Magalski, acct exec.

J. Walter Thompson USA, Chicago—Discover Card Service—Bruce Beach, Bill Hooe, sr vp-acct dirs; Dinny Cosyns, vp-acct dir; Nancy Limberg-Meyer, acct super, consumer; Sally Smith, acct super, trade; Tom Condon, Marcie Pollman, acct reps.

RANK **37**

Sterling Drug

New York

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	1,990	1,754	13.5
Net income	172	110	56.3

U.S.	**1986**	**1985**	**% chg**
Sales	1,251	1,144	9.4
Operating profits	207	191	8.5
Advertising	221	232	(4.8)

Division sales	**1986**	**1985**	**% chg**
Pharmaceuticals	304	269	13.0
Proprietary prods.	329	280	17.5
Household prods.	594	566	4.9
Sterling Int'l	781	657	18.9

Sterling Drug Inc. concentrated on its healthcare and consumer product core sectors in fiscal 1986, not only by increased advertising in those areas, although slightly, but through acquisition.

Sterling acquired Thompson & Formby Inc., which makes waterproofing and wood-refinishing products that will complement Sterling's Lehn & Fink's Minwax Co. It also purchased Woodroof Laboratories, which produces patented biosynthetic burn wound dressing that will provide Sterling's Winthrop Pharmaceuticals with entry into the category. Sterling also divested Hilton-Davis Chemical Co., an operation peripheral to its core.

Lehn & Fink, which accounts for 30% of worldwide sales by virtue of dominating the household and "other" products segment, funneled its largest measured advertising expenditure for a brand, $26.6 million, into Lysol. The total, however, was a decline of 27% from 1985. Lysol encountered an overall sales reduction from 1985, which the company credits largely to a heavy year-end sell in the previous year.

Some brand extensions under the Lysol banner had promising starts. Lysol Direct, a multi-purpose cleaner hit the national market in April 1986, supported by $4.5 million in measured spending, mostly network TV. Several Lysol products registered market-share gains such as Lysol deodorizing cleaner and Lysol toilet bowl cleaner. Lysol remained the market leader in its category. Love My Carpet received $2.4 million support, down 33%. Spending the previous year had been higher as a result of the addition of a "new ultra-fresh scent" to the line.

Results at d-Con were mixed. The increased sales of rodenticides were not enough to offset lower sales of d-Con insecticides which were affected by competitive pressures. As a brand, d-Con holds 10% of the $700 million household insecticide market. It trails market leader S.C. Johnson's Raid with about 50% and American Home Products' Black Flag with about 20%. The line was extended to include d-Con Mouse-Prufe II with improved anti-coagulant properties.

Measured spending behind d-Con was down 50.9% to $2.6 million in 1986. Several new products have debuted under the d-Con umbrella, including Logic, a fire ant killer, and d-Con mouse killing station.

Sales were particularly strong for Minwax's newer products such as Minwax Polyshades and Minwax high performance wood filler. The acquisition of Thompson & Formby Inc., with sales of $50 million, adds several growing brands. Already the leader in its field, Thompson's Water Seal scored double-digit sales increases and was backed by a $6.3 million budget.

Mop & Glo liquid floor wax was reformulated in 1986, although it received measured ad backing of only $2.1 million, down 34%.

Lehn & Fink's personal products continued to gain steam during 1986. In spite of a 9.3% dip in measured spending to $4.9 million, Ogilvie haircare products maintained a strong lead in the hair perm market. Ogilvie perms snared the top spot two years ago and have not given up that lofty position. According to a 10-month Nielsen track of perms in 1986, Ogilvie has 21.4% of the perm business, outpacing Unilever's Rave with a 13.7% share, Gillette Co.'s Toni with 12.4%, Procter & Gamble's Lilt with 11.4%, L'Oreal with 9.2% and Bristol-Myers's Kindness (from its Clairol line) with 4.4%. Spending for Tussy antiperspirants, a minor contender in the category, continued to decline—from $3 million in 1985 to only $276,100 in 1986.

The proprietary products division had a stellar year with almost all products recording gains. In addition to greater unit movement, the company enacted other cost-control programs which boosted the bottom line. For example, Glenbrook moved from a geographically oriented sales force to a customer-focused one. As a result, sales to key accounts rose sig-

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nificantly.

Bayer aspirin, marketed by Glenbrook Laboratories, held its own in the highly competitive analgesics category. Called in advertising "The wonder drug that works wonders," Bayer has reaped the benefits of physician awareness of the use of aspirin in prevention of second heart attacks and strokes. Glenbrook has taken this message to healthcare professionals through a medical advertising campaign. Thirteen million booklets concerning health facts about heart ailments were distributed to physicians and 30 million heart attack fact books were distributed to pharmacies last year. Sterling was granted approval in October 1985 by the Food & Drug Administration to advertise to and advise the health profession on the use of aspirin to prevent heart attacks in certain high-risk individuals.

Measured spending behind Bayer jumped 18.6% to $15.4 million. Bayer's challenge has been to retain its share against a host of ibuprofen entries. Glenbrook has opted for ibuprofen only in its Midol formulations.

Bayer's market share of the $2 billion category came in at about 10% in 1986, but it has been as high as 20% and as low as 7%.

Panadol received $11 million in measured support, a drop of 18.5% from 1985. The challenge of competing with market leader Johnson & Johnson's Tylenol continues to be an uphill battle. Analysts peg Panadol's market share at under 5% vs. J&J's 25%-plus. Panadol's positioning as an acetaminophen-based product was increased following February 1986's tampering episodes that again involved Tylenol. Children's Panadol has had greater success in cracking the market. Its measured spending of $4 million was down slightly from 1985.

In the $53 million menstrual remedies market, Glenbrook's Midol is the market leader with over 51% share, well above Pamprin's 30% and Premensyn's 13%, both products marketed by Chattem Inc. Spending behind Midol soared 76% to almost $7 million in 1986. Some $3.3 million of that went to support Midol 200, the new product featuring ibuprofen.

Creative new advertising helped boost Glenbrook's laxative products marketed under the Phillip's line, which received $5.5 million in measured spending, up 56%. Part of the spending included a new campaign for Milk of Magnesia that helped push Phillip's market share from 7.7% to 8.2% of the $625 million laxative market. A shift to saline laxatives could stimulate growth for Phillip's Milk of Magnesia in 1987. During 1986, Sterling also began to market Haley's M.O. to the 5.7 million laxative users who also experience hemorrhoids. Haley's is a combination of milk of magnesia and mineral oil.

The Stri-Dex medicated skin-care name was kept in front of teens with a measured expenditure of $3 million, up 17%. Stri-Dex is No. 3 in a market with an 11.8% share. Leader is Beecham Group's Oxy with a 23.7% share, followed by Procter & Gamble's Clearasil, 22.8%, according to A.C. Nielsen. During 1986, Stri-Dex was extended to include anti-acne cleansing pads in a larger size.

Neo-Synephrine became known as a line with a dosage strength for every member of the family. It was the only brand to show unit growth in the 1986 flu season. The product was backed with $2.1 million in measured spending, up 23.5%.

To augment sales of the Winthrop division's pHisoDerm, two line extensions are on tap. One is a pHisoDerm baby cleanser; the other is a cleansing bar. Launched in 1986, pHisoPuff disposable puffs go head-to-head with 3M Co.'s Buf-Pufs facial cleansing sponges. Spending behind the entire line, despite the extensions, declined 10.8% to $3.3 million.

Among pharmaceutical products, Sterling currently produces Danocrine, the leading medicine for endometriosis, and the popular Omnipaque, a product used in vascular procedures and which outsells the competition by about two-to-one, according to the company.

There were several management changes in 1986 including a turnover in marketing personnel within Glenbrook Labs. Robert Kinelski is now VP-marketing, replacing Robert Perlman.

Sterling solved its trademark case with Bayer AG when Bayer paid Sterling $25 million to buy back partial rights to the Bayer trademark, ending a prohibition dating from the end of World War I. Bayer, which invented aspirin, will still be barred from selling consumer products under its own name in the U.S. Sterling acquired the trademark after Bayer's assets in the U.S. were confiscated at the end of World War I.

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WCFT-TV, CBS, Tuscaloosa, AL
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ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	654	701
Magazines	9,595	11,434
Newsp. supp.	980	364
Bus.pubs.	301	179
Network TV	87,019	83,889
Spot TV	5,338	15,721
Network radio	6,158	3,749
Spot radio	851	1,980
Network cable	6,169	4,923
Total measured	117,064	122,940
Unmeasured	103,663	108,867
Total	220,727	231,807

STERLING DRUG

90 Park Ave.
New York, N.Y. 10016
(212) 907-2000

Corporate Personnel

Hillary Hinchman, corp dir-adv svcs

GLENBROOK LABORATORIES

Corporate Personnel

Robin D. Mills, president

Marketing Personnel

Harvey D. Homan, group prod mgr, new prods
Simon Johnson, group prod mgr
Robert S. Kinelski, vp-mktg
William A. Straus, group prod mgr

Advertising Agencies

Cunningham & Walsh, New York—Phillips' line, Calcitrel—James A. Friedman, vp-acct mgmt super; Roger D. Groves, vp-dir acct mgmt; Tara Hansen, Peter Hubell, acct execs.

Dugan/Farley Communications Associates, Montvale, N.J.—medical communications—John P. Dugan, president.

Font & Vaamonde, New York—Spanish adv-Bayer line, Phillips' line, Panadol—Pedro Font, president.

Lowe Marschalk, New York—Diaparene line—Barry R. Linsky, exec vp-dir acct mgmt; Peter A. Detels, mgmt super; Terry S. Levine, acct super; James Overand, acct exec.

SSC&B, New York—Bayer line, Panadol—Alan R. Grazio, exec vp; Elliot G. Dorfman, sr vp-mgmt super; Anne Schoonover, Bruno Velcick, Stephen G. Barrett, acct supers.

Warwick Advertising, New York—Stri-Dex—Wilder D. Baker, president; Sean Driscoll, sr vp-group mgmt super; Victoria M. Amon, vp-mgmt super; Douglas E. Sweetbaum, acct super.

LEHN & FINK PRODUCTS GROUP

Montvale, N.J.

PERSONAL PRODUCTS DIVISION

Corporate Personnel

Herb Waller, president

Marketing Personnel

Peter Stearns, vp-mktg
Mort Weisburd, vp-sales

CONSUMER PRODUCTS DIVISION

Corporate Personnel

Richard F. Gaccione, president

Marketing Personnel

Joseph Healy, vp
Richard A. Bachman, category mgr, disinfectants/air fresheners/rug/laundry
Christine McArdle, category mgr, all purpose cleaners
Jon Krance, category mgr, bath-bowl cleaners/floor, LBD
Kevin Dunn, mgr-new prods

INDUSTRIAL PRODUCTS DIVISION

Corporate Personnel

John J. McAllister, president

Marketing Personnel

James Castello, vp-mktg
Donald Nowlin, vp-sales

MINWAX CO.

Montvale, N.J.

Corporate Personnel

Peter Black, president

Marketing Personnel

Ridgely W. Harrison III, vp-sales
James D. Murphy, vp-mktg

The d-CON CO.

Montvale, N.J.

Corporate Personnel

Earle K. Borman, president
David C. Hoffmeister, exec vp

Marketing Personnel

John J. McFadden, vp-sales dir
William Bassett, mgr-new prods
Marvin Matises, dir-mktg
Barry Lipsy, prod mgr, rodenticides, Rid-X
Thomas Murphy, group prod mgr, insecticides and Resolve

THOMPSON & FORMBY

Memphis, Tenn.

Corporate Personnel

Kenneth M. Evans, president

Marketing Personnel

Bill D. Stewart, vp-sales
Frederick D. Miller, vp-mktg
Fred W. Hundt, mktg mgr
Richard A. Loomis, sr prod mgr

Advertising Agencies

Gilbert, Whitney & Johns, Whippany, N.J.—Minwax consumer & industrial prods—John Mimnaugh, exec vp.

Jordon, McGrath, Case & Taylor, New York—Wet Ones, Chubs—Judy Neidert, acct super; Ogilvie, Tussy, Dorothy Gray—Don Gilbert, sr vp; Anne Kirkwood, acct super; Suzanne Constantine, Jennifer Graham, acct execs; Ilon Specht, sr vp; Jim Loh, media super; Peggy Shelly, vp, assoc rsch dir.

Lowe Marschalk, New York—Lysol Pine Action, Lysol Laundry Sanitizer—Michael Lesser, chmn-ceo; Andrew Langer, president; Marshall Kapp, exec vp, Barry Linsky, exec vp; Carl Maier, sr vp, mgmt super.

Ramm Advertising—Rid-X Septic Aid, Energine Spot Removers—Ed Ramm, president; Jack Hernish, vp.

Slater Hanft Martin, New York—Thompson & Formby—Jerry Martin, chmn; Terry Koch-Bostic, sr vp-mgmt super; Kathy Callan, acct exec.

SSC&B, New York—Lysol prods, Love My Carpet, Beacon Wax, Mop & Glo, Perk—Robert Watsworth, exec vp; John Barnes, sr vp; Ray Hilton, Tom Perlstein, Doug Harting, acct supers; Kevin Driscoll, David Knise, acct execs.

Warwick Advertising, New York—insecticides, rodenticides and Resolve carpet cleaners—Peter Black, sr vp-mgmt super; Richard Lamley, vp-acct super; Joseph Kensil, Joanne Dionissiou, acct execs.

WINTHROP PHARMACEUTICALS

New York

Corporate Personnel

Harry A. Shoff, president

Marketing Personnel

Thomas L. Harkleroad, vp-sales
Thomas Giordano, dir-mktg planning
Joseph Scodari, dir mktg operations

Advertising Agencies

Carrafiello-Diehl Associates, Tarrytown, N.Y.—Talwin Nx, Talwin Injection—John S. Carlucci, vp-mgmt super.

Klemtner Advertising, New York—Corotrope—Sander Floum, acct super.

KPR, New York—Inocor—Mike Boyer, acct super.

Lavey, Wolff, Swift, New York—Danocrine, Omnipague—Charles Rockefeller, sr vp.

WINTHROP VETERINARY

Corporate Personnel

H. Dwight Koger, exec vp

Marketing Personnel

Michael Beaudrias, prod mgr, ethical
Bron Zienkiewicz, mktg and sales mgr, consumer

Advertising Agency

Sawyer, Riley, Compton, Gainesville, Ga.—veterinary pharmaceuticals & disinfectants, pet care prods—Louis Sawyer, vp-acct svcs; Terri Robbins, acct super.

WINTHROP CONSUMER PRODUCTS DIVISION

New York

Corporate Personnel

William J. Godfrey, president
Karl A. Brautigam, vp

Marketing Personnel

Susan D. Molofsky, dir mktg
Hugh Press, prod mgr
James I. Steinberg, prod mgr
Barry C. Cohen, asst prod mgr

Advertising Agencies

Cunningham & Walsh, New York—Neo-Synephrine brand, pHisoDerm, pHisoPUFF—Roger D. Groves, exec vp; Nat Allen, vp-dir; Diane Whitehead, mgmt super.

Warwick Advertising, New York—Campho-Phenique, new prods—Kyle Felt, exec vp; Walker Berwick, mgmt super.

Stroh Brewery Co.

RANK
63

Detroit

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,499	1,502	(0.2)
U.S. advertising	129	113	13.9

Stroh Brewery Co. continued to redefine itself as a "beverage company" in 1986, as it rolled out Sundance, an all-natural sparkling fruit juice, to help ease the sting of industry-wide flat beer sales.

Additionally, the family-owned Detroit brewer introduced a non-alcoholic malt beverage, Barbican, in 1986, and purchased a share of Sleeman Brewing Co., a Canadian brewery, in May 1987, opening the Canadian market to some of its beer brands. Stroh's malt-based White Mountain Cooler was the fifth-ranked entry in the $800 million cooler market, carving out a 10% market share in 1986.

Stroh Brewery continued to hang onto its No. 3 ranking among U.S. brewers in 1986, despite a slip in market share for the second consecutive year.

Stroh's beer shipments were down from 23.4 million barrels in 1985 to 22.8 million in 1986, according to Emanual Goldman, analyst with Montgomery Securities, San Francisco. Stroh's sales dipped 0.2% to $1.499 billion in 1986. This ran counter to the industry, which experienced a slight movement from 178.7 million bbls. to 181.9 million, ending a three-year decline, according to beer analysts. Anheuser-Busch Co., St. Louis (No. 1), increased its shipments by 6% to 72.3 million bbls. in 1986. Miller Brewing Co., Milwaukee (No. 2), was up 4% to 38.7 million.

In 1986, Stroh's share of the total domestic beer market slipped to 12.5% from 13.1% in 1985. The brewer's 1984 share was 13.4%. Industry behemoth Anheuser-Busch increased its share of the domestic market from 38.1% in 1985 to 39.7% in 1986; Miller Brewing rose slightly, from 20.8% to 21.3%.

Stroh's entry in the soft-drink market, Sundance, was rolled out into seven new markets in the summer of 1987, after a one-year introductory run in California. There, according to John Bissell, VP of Stroh's special products division, sales of the 70% fruit juice-30% sparkling water beverage topped the $12 million mark. Stroh supported the introductory campaign with $7 million in California. The company is spending an estimated $70 million in advertising for the national rollout, which takes Sundance into New York, Chicago, Washington, Philadelphia, Phoenix, Detroit and Miami. The company expects first-year national sales to reach $80 million.

Stroh expects Sundance to become a major player in the fast-growing juice-added soft-drink market, a segment that grew to a 5.3% share of the total soft-drink market from only 1.4% in 1985. That segment is dominated by PepsiCo's Slice, which is 10% fruit juice. The theme for Sundance's ad campaign—"It's a Natural Time for a Sundance"—mimics Van Morrison's "Moondance," a pop song of the '60s. TV spots, with their high-gloss production standards and reflective tone, are aimed at the upscale consumer. The product is premium-priced at $2.50 for four 10-ounce bottles.

Stroh's malt-based White Mountain Cooler increased its market share from 6% in 1985 to 10% in 1986, generating about $80 million in total sales, according to Mr. Bissell. Stroh spent an estimated $14.3 million on its 1986 White Mountain ad program.

Stroh's flagship, Stroh's premium brand beer, continued to struggle as a national brand. In 1986, the Stroh's premium brand held only a 2.8% share, down from 2.9% in 1985 and considerably below its market share prior to its 1984 national rollout, according to Benj Steinman, executive editor of *Beer Marketer's Insights*, a beer industry newsletter. Budweiser dominates the brand charts with a 26.8% share, up from 26.1% in 1985.

Media expenditures by the 136-year-old brewer slipped 2.7% to $46.9 million in 1986, according to BAR/LNA. Support for Stroh's premium brand dropped from $34 million in 1984 to $26.5 million in 1985 to $22.9 million in 1986. By comparison, Anheuser-Busch posted $294 million in media expenditures, which accounted for 46% of total expenditures by the major brewers. Anheuser-Busch's support of its own flagship brand, Budweiser, increased 17.2% to $108.4 million in 1986.

Shipments of Stroh's largest-selling brand, the popular-priced Old Milwaukee, remained even at 7.6 million bbls., according to Mr. Goldman. He reports that media expenditures for the Old Milwaukee brand were up slightly, from $13 million to $13.1 million. Old Milwaukee had made some initial market gains after Stroh's 1982 purchase of Schlitz Brewing Co. But by 1986, Old Milwaukee's market share was back to 18.1% of the low-priced popular beer segment, or 1981 levels.

Meanwhile, the Schlitz brand continued its decline, as media support for the venerable brand fell from $7.5 million in 1982 to just $300,000 in 1986. Schlitz Malt Liquor's market share slipped from 39% in 1984 to 33.6% in 1986. Media support for Schlitz Malt Liquor dipped 65% to $2 million in 1986.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	880	704
Magazines	4,569	1,674
Newsp. supp	69	77
Bus pubs	128	135
Network TV	42,207	38,110
Spot TV	14,129	9,629
Network radio	1,378	0
Spot radio	6,991	8,098
Outdoor	882	1,762
Network cable	1,070	3,292
Total measured	72,294	63,480
Unmeasured	56,396	49,520
Total	128,690	113,000

STROH BREWERY CO.
100 River Place
Detroit, Mich. 48207
(313) 446-2000

Marketing Personnel

Roger Fridholm, president
John Bissell, sr vp-special prods div
Christopher Lole, vp-gen mgr, Stroh Intl
John Hellweg, vp-mktg svcs
Dave Martin, vp-corp media
Marsha Bass-Atwater, dir-new prods
Fred Rubner, dir-import beers
Mike Jaeger, dir-adv & consumer promos
Charles Powell, dir-brand planning
Mark Steinberg, Stroh brand planning mgr
Liz Schubiner, Old Milwaukee brand planning mgr
Ed Kopecky, dir, dir-other prods
Peter Cline, vp-sales
William Henry, vp-sales/mktg admin

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Signature, Schaefer, Schaefer Light, Erlanger, White Mountain Cooler, Barbican, Konig—Richard Sellers, exec vp-group acct dir.

Badillo/Saatchi & Saatchi Compton, San Juan, P.R.—Schaefer, Schaefer Light, Puerto Rico—Jose Colon, acct super.

Burrell Advertising, Chicago—Schlitz Malt Liquor—Don Coleman, vp-mgmt super.

Grey Advertising, New York—Old Milwaukee, Old Milwaukee Light—Don Lowy, vp-mgmt super.

Lowe Marschalk, New York—Stroh's, Stroh Light—Paul Norwich, acct super.

Vic Olesen & Partners, Los Angeles—Schlitz, Schlitz Light—Eric Vonderlieth, genl mgr; Jeff Greenberg, mgr-Warren, Mich.

Ross Roy Inc., Detroit—Sundance Sparkler—Bruce Wagner, acct exec.

Wyse Advertising, Cleveland—Goebel, Piels—John Jefferson, acct super.

RANK **33**

Tandy Corp.

Ft. Worth, Texas

($ in millions)

Worldwide	1987	1986	% chg
Sales	3,452	3,036	13.7
Net income	242	198	22.6
U.S. advertising	262	187	40.3

Tandy Corp. last year revamped its computer product line and told its sales force to don white shirts and ties for visits to corporate customers. Today, the Fort Worth, Texas-based electronics company is winning respect and credibility from corporate buyers, although the battle is far from over.

Industry analysts generally laud Tandy as a solid, profitable company. Sales have picked up after nearly three years of lackluster performance. For its fiscal year ended June 30, 1987, Tandy's earnings were up 23% over the same period a year ago.

But uncertainty still revolves around Tandy's business products division.

In August 1987, Tandy marked the 10th anniversary of the company's first computer introduction with a gala celebration in New York. The event was beamed via satellite to Dallas and Anaheim, Calif., where managers and sales force executives were meeting.

At the anniversary celebration, Tandy introduced new computers and two upgraded machines. The company also introduced a host of new products, including a new cellular telephone and two new printers.

The new products are the most extensive additions to Tandy's computer offerings and are intended to give customers more computer power and options at lower prices, say Tandy officials.

"They've substantially strengthened their product line with the new line of personal computers. You should see momentum building between now and Christmas. They do have some difficult comparisons coming up in November and December, however. Tandy had a high number of shipments of personal computers last year; to beat those numbers by a wide margin will be difficult," says Eugene Glazer, VP-research, Dean Witter, New York.

Of the other new products, Mr. Glazer says the portable CT-300 phone is a potential hot item. The lightweight, handheld cellular telephone weighs only 28 oz. and retails for approximately $1,499.

"There are other products similar to Tandy's new telephone, but not at this breakthrough price," says Mr. Glazer.

Long acknowledged as a prime maker of computers for hobbyists, Tandy is trying to increase computer sales among large and small businesses. However, Tandy faces stiff competition from IBM Corp. and Compaq Computer Corp.

Tandy's direct business sales force has encountered difficulty in closing some corporate sales, a setback traceable to the inexperience of the newly formed force. Analysts say the cost of carrying a 1,500-person sales force without resulting sales places Tandy in an uncomfortable situation.

"Obviously, Tandy's strength is in walk-in sales through regular retail outlets. The national sales force has gone more slowly than planned, but it's a new type of business for the company. It will take a while to figure out the right formula to make it successful," says Dean Witter's Mr. Glazer.

Positive factors for the year include the popularity of the Tandy computer line, the introduction of the transportable cellular telephone, the launching of about 800 "Technology Stores" among its 5,000-Radio Shack outlets and the expansion into name brand electronics retailing.

The name brand stores have been integrated, and an ambitious expansion of SuperCenters has been initiated. The first hub of SuperCenters began operating in the Fort Worth area in the fall of 1985. Hubs in San Jose, Calif., Denver, Tampa, Fla., and San Antonio followed. During 1987, openings are planned in Houston and Kansas City, with a target of 300 stores by year end.

The remodeling of Radio Shack stores, which began in 1984, continues. The look of the store has changed from a "nuts and bolts" image to the sleek "Technology Store" image. "We're upgrading the look to make it match what we sell," says Ed Juge, director of market planning.

Central Advertising, Tandy's in-house agency, bills approximately $200 million and employs 150 people. All advertising is handled through Central, with the exception of some production. Radio Shack has never had a formal outside agency of record since the company began in 1921.

Tandy spends 47% of its ad budget on newspaper advertising, both local and national. Direct mail comprises 30% of the budget.

Advertising specifically for Tandy's Radio Shack stores drew the largest expenditure in measured media in 1986. Some $15.5 million was funneled into the line, mostly in network TV and network radio. This was up 19% from 1985.

The Tandy 1000 computer system received spending of $6.1 million, down 15.3% from 1985; the Tandy 3000 system received $8.3 million, up from $1.5 million; and the Tandy computer systems in general tallied $8.5 million, up from $2.8 million. Computer system advertising is weighted toward network TV, with substantial amounts also in magazines.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	9,470	5,546
Newsp. supp.	29	0
Bus. pubs	2,068	950
Network TV	45,586	29,328
Spot TV	3,185	3,665
Network radio	2,733	3,768
Spot radio	1,293	2,234
Network cable	897	1,025
Total measured	65,261	46,516
Unmeasured	196,900	140,345
Total	262,161	186,861

TANDY CORP.
1800 One Tandy Center
Fort Worth, Tex. 76102
(817) 390-3700
RADIO SHACK

Corporate Personnel

Bernard Appel, president

Marketing Personnel

Robert Myers, vp, business prods
Robert Miller, vp, consumer merch
David Beckerman, vp-adv
Ed Juge, dir-mktg planning
Mike Wood, genl adv mgr
Fred Roeben, admin adv mgr

Advertising Agency

(In-house) Central Advertising Agency, Fort Worth—Gail Graham, media dir.

TANDY NAME BRANDS
Memphis, Tenn.

Corporate Personnel

C.C. Thomas, president

Marketing Personnel

Dan Linder, adv mgr

Advertising Agency

(In-house), Memphis—Dan Linder, adv mgr.

Cream of Hershey's Chocolate

Leading the sales surge at Hershey Inc. in 1986 was Reese's peanut butter cups, one of three products produced by H.B. Reese Candy Co., a company purchased in 1963. Despite all the candy titles bearing the Hershey moniker, Reese's peanut butter cups remain the sales leader among Hershey candy products.

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Texas Air Corp.

RANK 60

Houston

($ in millions)

Worldwide	1986	1985	% chg
Sales	4,407	1,944	126.7
Net income	237	165	44.1
U.S. advertising	132	173	(23.3)

Division sales	1986	1985	% chg
Passenger	4,027	1,766	128.0
Cargo, mail, other	380	179	113.0

Merger frenzy in 1986 made Houston-based Texas Air Corp. bigger than Texas. Counting all of its operations, Texas Air now ranks as the nation's largest air carrier with combined market share of 21.3% based on enplanements at all airports during the first quarter of 1987. That compares with Delta's Air Lines's 13.4% share, following its December 1986 merger with Western Airlines, and the 13.2% share of United Airlines.

In November 1986 Texas Air completed its biggest acquisition to date, Miami-based Eastern Air Lines, at a cost of about $600 million. One of four original trunk airlines, Eastern added the tremendous strengths of its routes, modern aircraft and computerized reservations systems. Eastern continues to operate as a wholly owned subsidiary of Texas Air.

At year's end, Texas Air completed its acquisition of Newark, N.J.-based People Express, parent of People Express Airlines, Britt Airways, Provincetown-Boston Airlines and Frontier Holdings, for about $125 million.

In February 1987 Texas Air plunged its Continental Airlines unit into near chaos by merging People Express into its system, strengthening Continental's presence in the key markets of Newark and Denver. In April 1987, in an internal transaction Continental purchased People Express, New York Air and Rocky Mountain Airways for $765 million from Texas Air, a holding company, merging the public identity of all three under the Continental name.

AD AGE's estimate of measured and unmeasured media spending in 1986 for Texas Air, including combined media from continuing operations of Eastern and Continental, and Continental's newly merged companies, was $172.5 million in 1986, down 23% from 1985. Nearly 65% of the total was for $109.6 million in measured spending for 11 media, down 10% from 1985.

Eastern claimed most of Texas Air's seven media measured spending with $18 million in 1986, down 17%, according to BAR/LNA.

Measured media for People Express was $4.1 million in 1986, down 38%, divided almost equally between spot TV and magazine. Measured seven media totals for Continental were up 59% to $1.5 million in 1986, according to BAR/LNA.

Measured newspaper spending from continuing operations of Continental, Eastern and the merged carriers fell 8% to $63.4 million in 1986. Measured spot radio fell 18% to $18.1 million.

The Continental unit benefitted the most from Texas Air's acquisitions of People Express and Frontier and the integration of New York Air's operations, all of which accounted for a 102% growth in available seat miles from February 1986 to February 1987. Continental solidified its position in Denver, where it now ranks a close second to United. Continental is the largest carrier in Houston, Newark, New Orleans and Washington, D.C.

In mid-1987, Continental also added Newark-London service, formerly operated by People Express, in addition to a number of long-haul routes to Europe and the Pacific. Continental's route system now stretches from London to Sydney, Australia, with 1,500 flights per day.

But the growth has not been easy on Continental, which emerged from a three-year bankruptcy reconstruction on Sept. 2, 1986, with one of the lowest operating cost structures in the industry. Problems merging Continental's route system with those of non-computerized People Express, and its assortment of bankrupt and near-bankrupt companies, created "pure chaos" for Continental, analysts say. Fare wars at its Denver hub during the first seven months of 1986 also hurt Continental's profits.

Continental took a net loss of $23.9 million on operating revenue of $646 million in the first quarter of 1987, compared with a loss of $13.6 million on revenues of $441 million for the same period in 1986. For the second quarter of 1987, which includes consolidated results of People Express, New York Air and Frontier Holdings, Continental took a loss of $71.1 million on revenues of $956 million. That compares with a loss of $56.8 million on revenues of $457 million for the same period in 1986.

Despite downward pressure on revenues as a result of introducing MaxSaver discount fares in the first quarter of 1987, Continental's passenger yields improved from the inclusion of short haul routes belonging to New York Air and People Express. Yield is a critical measure of the revenue gained from flying one paying passenger one mile.

Second quarter 1987 yields improved 4.8%. The key element in improving Continental's profitability lies in further strengthening of passenger yields, according to a report on Texas Air by Julius Maldutis, airline analyst for New York-based Salomon Brothers. "Continental literally cannot afford to engage in predatory pricing policies," Mr. Maldutis writes.

If Continental refrains from predatory pricing, he predicts a loss for 1987 of $31.2 million on operating revenues of $3.9 billion, and a profit in 1988 of $92 million on operating revenues of $4.3 billion.

New York-based N W Ayer, hired in October 1986 as Continental's new agency, replacing Scali, McCabe, Sloves, New York, plans to focus more on image advertising than retail price promotion for Continental late in 1987 and early 1988 in keeping with a general industry trend toward rising fares, sources say.

Eastern's net income improved to $2.1 million during the first quarter of 1987 on operating revenues of $1.17 billion, compared with a net loss of $110 million on $1.1 billion in revenues for the previous year's period. For the second quarter of 1987, Eastern had net income of $27 million on revenues of $1.16 billion, compared with a loss of $44 million on revenues of $1.1 billion for the same period in 1986.

Assuming Eastern engages less heavily in discount fare pricing, Mr. Maldutis predicts Eastern will show a profit of $23.5 million in 1987 on revenues of $4.1 billion, and a profit of $68.9 million in 1988 on revenues of $4.2 billion.

William Dowse, VP-advertising at Eastern, says advertising was heavily retail-price-oriented in 1986, with some quasi-institutional advertising, such as the combination of Eastern and Continental's frequent flyer and bonus programs early in 1987. But the industry is slowly weaning itself from reliance on discount selling, and is gradually setting prices based on service and quality, he says.

For the first six months of 1987, Texas Air took a loss of $139.7 million on revenues of $4.2 billion. The figures are not comparable to 1986. However, the disappointing results led to the resignation of Thomas Plaskett, president-ceo of Continental. For the full year, Mr. Maldutis is predicting net income of $25.8 million on revenues of $8.9 billion in 1987, and income of $153.7 million in 1988 on revenues of $9.4 billion.

Analysts are not certain how a September 1987 proposal by a task force composed of state attorneys general would affect broadcast advertising for discount fares, such as Eastern's MaxSaver.

In a draft of the proposal, obtained by AD AGE, airlines would be required to disclose orally all restrictions in broadcast ads that include fare information. Although the document has not been made public, it is believed to be one of the most sweeping attempt by states to regulate airline advertising and is likely to be challenged by the airline industry.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	63,417	69,125
Magazines	4,074	7,265
Newsp. supp.	97	159
Bus. pubs.	1,142	0
Network TV		
Spot TV	19,489	19,382
Spot radio	18,146	22,017
Outdoor	2,557	4,094
Network cable	218	159
Total measured	109,576	122,551
Unmeasured	22,711	50,000
Total	132,287	172,551

TEXAS AIR CORP.
Capitol Bank Plaza No. 4040
333 Clay Street
Houston, Texas 77002
(713) 658-9588

Corporate Personnel

Francisco Lorenzo, chmn-president-ceo
Frank Borman, vice-chmn

Advertising Agency

Scali, McCabe, Sloves, New York—Mark Messing, mgmt super; Suzanne Secor, acct exec.

CONTINENTAL AIRLINES CORP.
Houston

Corporate Personnel

Francisco Lorenzo, chmn
Howard P. Swanson, vice-chmn
Thomas G. Plaskett, president-ceo

Marketing Personnel

Jeffrey Arida, sr vp-mktg, Continental & Eastern sales
Douglas Birdsall, sr vp-mktg planning
James O'Donnell, vp-mktg svcs

Advertising Agency

Scali, McCabe, Sloves, New York—Mark Messing, mgmt super.

EASTERN AIR LINES
Miami, Fla.

Corporate Personnel

Philip J. Bakes, president-ceo

Marketing Personnel

John W. Nelson, vp-mktg
Richard F. Blake, staff vp-mktg, planning & rsch
George J. Brennen, staff vp-passenger sales
William H. Dowse, staff vp-adv
Jerry Schorr, staff vp-cargo sales
Robert A. Wolf, mgr, vacation adv

Advertising Agency

Campbell-Ewald, Warren, Mich.—Bob Henry, Barbara Bain, sr vps; Howard Zoss, sr vp, mgr-media; Dale McAffy, vp-acct super; Steve Robertson, merch coord.

Time Inc.

RANK 44

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,762	3,404	10.5
Net income	376	200	88.0
U.S. advertising	191	156	21.8

Division sales	1986	1985	% chg
Magazines	1,576	1,482	6.3
Books/Info.	663	552	20.1
Programming	886	786	12.7
Cable TV	637	584	9.1

Time Inc. faced the year with new approaches to old challenges while boosting total ad spending by 22%, most of the increase going into the promotion of its cable operations and Time-Life Books.

Time decreased its reliance on the home-grown approach to finding new titles in 1986 and opted for the less risky business of joint ventures. This shift in strategy reflects corporate management changes and the increasingly competitive

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environment of magazine publishing.

In 1986, magazine publishing accounted for 42% of the company's revenues, but the sector grew only 6.3% in revenue while declining 8% in operating income—the latter including a charge of $32 million to cover staff reductions and other expenses relating to the demise of *Picture Week*.

In July, Time named Nicholas J. Nicholas Jr. as its new president and chief operating officer, replacing J. Richard Munro, who moved up to chairman of the board and remaining ceo. Following this, Kelso Sutton and Reginald Brack switched positions. Mr. Sutton now heads the book group, and Mr. Brack heads the magazine group.

Under the new regime, the magazine division has acted decisively in dropping marginal projects and expanding into new areas with joint venture partners. In May 1987, Time announced the sale of *Discover*, the monthly science magazine, to Family Media Inc. for $26 million. Until early this year, the company pledged continued commitment in the face of lackluster prospects. In 1986, it redesigned the magazine and bought out two competitors, *Science Digest* and *Science 86* to give *Discover* a boost. According to one estimate, Time lost $50 million on *Discover* since its inception in 1980.

Picture Week, the most recent major casualty, did not live as long. After 15 months of testing, Time pulled the plug on the mass-market weekly aimed at women. Time, nonetheless, has not abandoned its efforts to grab a larger readership among women. Through a joint venture with Working Woman Inc., Time has acquired a 50% interest in *McCall's*, *Working Mother*, and *Working Woman*.

In an heretofore uncharacteristic venture for Time, it linked up with entrepreneurial publisher Robin Wolander to put out *Parenting*, targeted to an affluent and educated audience. These additions complement the company's 1985 acquisition of the Southern Progress Co., which publishes *Southern Living*, *Southern Accents*, *Cooking Light*, *Creative Ideas for Living* and *Progressive Farmer*.

Time has ceased courting—at least for now—very narrow audiences. Under the direction of Mr. Brack, it dropped several new titles in various stages of development and testing, including *New York/New Jersey/Connecticut Real Estate* and *Home Office*, both controlled-circulation magazines. *Leisure* and *Quality* were also nipped in the bud.

In a bold move, Time acquired the educational publisher, Scott, Foresman & Co. for $520 million. Although some industry observers criticized the deal as being overpriced, others believe the buy is a sound investment, which will pay off in the long run by lessening reliance on magazine publishing.

Like other media companies contending with the general decline in revenue, Time has responded by reducing staff and cutting back on operations. However, spending in 1986 rose about 22% in 1986. The major share of this went to promote magazine subscriptions for its top three publications: *People*, *Time*, and *Sports Illustrated*.

According to BAR/LNA, *People*'s advertising for subscriptions rose to $18.5 million in 1986, up 3.4% from 1985. Time laid out $15.8 million to promote subscription sales for its flagship newsweekly, *Time*. This was about a 7% increase from 1985. Not far behind, *Sports Illustrated* spent $13.9 million, up 42%, to advertise subscriptions. *Life* received $1.9 million, up 73%, and *Money* got $1.2 million, down 8%. Altogether, measured ad dollars for the Time Inc. magazines and their related products totaled nearly $44 million.

Significant increases in advertising appeared for Time's cable operations. Measured spending for Home Box Office pay service shot up 65% to $16 million, and spending for HBO and Cinemax cable TV grew to a combined $2.3 million from only $610,800 in 1985. Time also began advertising HBO videocassettes in 1986, with an expenditure of $1.5 million.

Measured spending for Time-Life Books climbed 15% to $24 million in 1986. Less dramatically, measured spending rose 2.3% to $4.4 million for the Book-of-the-Month Club and declined 5.7% to $729,400 for the Book-of-the-Month Record and Tape Club.

The overall media ad mix relied most heavily on spot TV and magazines. Spending in magazines rose by about 17%, while spot TV increased 21%. Spot radio also figured more prominently in 1986, going from $383,200 to $4.5 million, and network radio, not used in previous years, drew some support.

Time Inc. reported a 7.4% increase in revenue during the first quarter of 1987, along with a 8% drop in net income, primarily traced to seasonal losses at its newly acquired Scott, Foresman & Co. The company also recently named Jason McManus, managing editor of *Time*, to succeed Henry A. Grunwald as editor in chief of Time Inc. Mr. Grunwald, who will reach the mandatory retirement age of 65 this year, has been nominated to be the U.S. ambassador to Austria.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	13,951	13,592
Magazines	51,167	43,567
Newsp. supp	2,034	1,697
Bus. pubs	5,564	5,529
Network TV	4,275	2,903
Spot TV	54,988	45,475
Network radio	936	0
Spot radio	4,503	383
Outdoor	24	9
Network cable	16,037	12,825
Total measured	153,477	125,980
Unmeasured	37,111	30,462
Total	190,587	156,442

TIME INC.
Time & Life Bldg.
Rockefeller Center
New York, N.Y. 10020
(212) 522-1212

TIME

Corporate Personnel

Robert L. Miller, publisher

Marketing Personnel

Richard Heinemann, U.S. adv sales dir
Daniel B. Brewster Jr., promo dir
Katherine M. Bonniwell, circulation dir

Advertising Agency

Wunderman, Ricotta & Kline, New York—circulation promo—Richard Stollenwerck, dir-acct svcs; Adrienne Wax, acct super; Grace Fallon, acct exec.

Young & Rubicam, New York—circulation promo—Brise Ott, acct super; Tom Crimmnos, acct exec; Betsy Latt, traffic.

PEOPLE

Corporate Personnel

Donald M. Elliman Jr., publisher

Marketing Personnel

William S. Myers, assoc publisher, adv sales dir
James J. Donoghue, promo-special projects dir
Lindsay Valk, circulation dir

Advertising Agencies

Holland & Callaway Advertising, New York—circulation promo, adv & circulation promo—Jim Calloway, president; Ron Holland, chmn copywriter; Russ Kaiser, producer.

Young & Rubicam, New York—adv promo—Brise Ott, acct super.

FORTUNE

Corporate Personnel

James B. Hayes, publisher

Marketing Personnel

David L. Nimz, promo dir
John E. Haire, U.S. adv sales dir
Jeremy B. Koch, circulation dir

Advertising Agency

Ogilvy & Mather, New York—David Warden, sr vp-group dir; Denise Johnson, acct super.

MONEY

Corporate Personnel

William M. Kelly Jr., publisher

Marketing Personnel

Charles Rubens II, adv sales dir
Michael Rich, promo dir
Diane Genck Potter, circulation dir

Advertising Agency

John Emmerling Inc.—adv promo—John Emmerling, chmn; James R. Guthrie, president; Russell G. Finley, Arthur Gilmore, sr vps.

Wunderman, Ricotta & Kline, New York—circulation promo—Adrienne Wax, acct super; Carol Abrams, acct exec.

SPORTS ILLUSTRATED

Corporate Personnel

Donald J. Barr, publisher

Marketing Personnel

Thomas J. Hickey Jr., adv sales dir
Michael W. Davey, adv sales mgr
George P. Berger, promo planning dir
Michael Loeb, circulation dir

Advertising Agencies

Ogilvy & Mather, New York—adv promo—David Warden, sr vp-group dir; John Gruen, sr vp-assoc creative dir.

Richards Group, Dallas—circulation promo—Brad Todd, mgmt super.

LIFE

Corporate Personnel

Elizabeth P. Valk, publisher

Marketing Personnel

David L. Long, adv sales dir
Rip Odell, promo dir
Susan L. Caughman, circulation dir

Advertising Agency

Geer, DuBois, New York—adv promo—Doria Steedman, acct super; Kathy Reps, media super. Circulation promo—John Allen, sr vp; David Esbrook, acct super; Dawn Dresher, acct exec; Kathy Breslin, asst acct exec.

PROGRESSIVE FARMER

Corporate Personnel

H.B. Flora, publisher

Marketing Personnel

David V. Hemphill, natl sales mgr (N.Y.)
Ivey Brown, adv svcs mgr
Bill Capps, circulation dir

Advertising Agency

Anderson, Eilers & Blumberg, Atlanta—Denny Eilers, partner, acct exec.

SOUTHERN LIVING

Corporate Personnel

James E. DeVira, publisher

Marketing Personnel

Scott Sheppard, natl sales mgr
Jim Hurd, adv svcs mgr
Bill Capps, circulation dir

Advertising Agency

DDB Needham Worldwide—BetsyMcGurick, acct super.

SOUTHERN ACCENTS

Corporate Personnel

James E. DeVira, publisher

Marketing Personnel

Sims Bray Jr., adv dir
Jim Hurd, adv svcs mgr
Jeanetta Keller, pr dir
William P. Capps, circulation dir

COOKING LIGHT

Corporate Personnel

Don Logan, president & publisher

Marketing Personnel

Martin Spector, adv dir
Pam Powell, promo dir
Bill Capps, circulation dir

Advertising Agency

Norwest Communications—Bill Silinski, president.

CREATIVE IDEAS FOR LIVING

Corporate Personnel

Richard M. Fontana Jr., publisher-N.Y.

Marketing Personnel

Howard Gurian, natl sales mgr-N.Y.
Jeanetta Keller, pr dir
Pam Powell, promo dir
Bill Capps, circulation dir

Advertising Agency

Norwest Communications, New York—adv promo—Bill Silinski, president.

TIME-LIFE BOOKS

Corporate Personnel

Christopher T. Linen, president-ceo

Advertising Agencies

A. Eicoff & Co., Chicago—Ron Bliwas, president-mgmt super; Rick Sangerman, sr vp.

Direct Inc., New York—John Verdon, president; Spensor Lambert, vp-creative dir.

Wunderman, Ricotta & Kline, New York—Worth Linen, exec vp; Judy Keane, vp-mgmt super.

SAMI/BURKE, INC.
Cincinnati, Ohio

Corporate Personnel

Jack Brown, president
Karl L. Preuss, sr vp

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Marketing Personnel

Jane Garvey, vp-mktg comm

Advertising Agency

H. Richard Silver, New York—Harvey Dreyer, exec vp; Dick Silver, president.

AMERICAN TELEVISION & COMMUNICATIONS CORP.
Englewood, Colo.

Corporate Personnel

Trygrve E. Myhren, president & chmn

Marketing Personnel

Stephen B. Ste. Marie, sr vp-mktg & programming
Allan Eisenberg, dir-adv
Tim Evard, dir-mktg, strategy & planning

Advertising Agency

Wells & Evans, New York—Scott Wells, president; Nannel Napp, acct exec.

OXMOOR HOUSE
Birmingham, Ala.

Marketing Personnel

Tom Angelillo, vp, general mgr
Bruce Akin, dir-prod mgmt
Dianne Mooney, dir-promo
Steve Logan, dir-corp devel

BOOK-OF-THE-MONTH CLUB
New York

Corporate Personnel

Al Silverman, chmn
Larry Crutcher, president

Marketing Personnel

John Hall, sr vp, dir-mktg
Betsy Poris, QPB club mktg mgr
Ruth Stevens, mktg mgr, specialty clubs
Karen Kruprick, BOMC mktg mgr

Advertising Agency

Ogilvy & Mather, New York—QPB club—Patty Lyons, acct super.

Wunderman, Ricotta & Kline, New York—Pierre Passavant, group dir; Debbie Elkins, acct exec.

HOME BOX OFFICE
New York

Corporate Personnel

David Pritchard, sr vp-corp affairs

Marketing Personnel

Dan Levinson, vp-adv
John K. Billock, sr vp-mktg
Janice Hoffman, dir-network planning

Advertising Agencies

Backer Spielvogel Bates Worldwide, New York—Cinemax—Shelly Diamond, mgmt dir; Carol Bernbaum, acct exec; Susan Johnson, assoc media super; Lee Hines, exec community rep.

BBDO, New York—HBO—exec vp-mgmt super; John Muchase, mgmt super; Chris Tragos, acct exec; Peter Harrington, media super.

Kobs & Brady, Chicago—HBO & Cinemax—Howard Draft, president; Lynn Fanton, genl mgr; Mary Pat Ryan, vp-mgmt super; Jeannette McClenman, acct super; Sally Florentino, Linda Schwartz, acct execs.

LITTLE, BROWN & CO.
Boston

Marketing Personnel

William A. Gutherie, adv mgr
David Goehring, mktg mgr-trade div
Munro Magruder, trade sales mgr

Advertising Agency

Franklin Spier Inc., New York—Rhonda Hall, acct exec.

WORKING WOMAN-McCALL'S GROUP
New York

Corporate Personnel

Dale Lang, publisher

Marketing Personnel

Walter Ward, natl sales mgr
Richard Selby, promo dir
Andrea Kaplan, dir-corp comm
Mike Owen, vp-circulation

Advertising Agency

Levine, Huntley, Schmidt & Beaver, New York—Joan Sinopoli, acct exec.

Toyota Motor Corp.

RANK **40**

Toyota City, Japan

($ in millions)

Worldwide	1987	1986	% chg
Sales	38,211	36,754	4.0
Net income	1,546	1,868	(17.2)
U.S. advertising	209	172	21.4

Toyota Motor Sales USA, a subsidiary of Toyota Motor Corp., Japan, unveiled its largest ad budget in 1986. In the process, the company strengthened its position as the leading car and truck importer in the U.S., despite severe competition in the marketplace and the yen's soaring value.

Toyota Motor Corp., the parent company whose fiscal year is reported in the accompanying box, attributed the dip in profits to the exchange loss caused by the sharp appreciation of the yen. Figures for the comparable fiscal years, ended June 30, were converted at the rate of Y165 = U.S.$1.

Toyota currently ranks third in worldwide auto production—behind General Motors Corp. and Ford Motor Co.—with a total of 3,645,733 vehicles produced in Japan in calendar 1986.

More than half of Toyota cars and trucks are exported worldwide. A record 1,965,138 units, plus 302,490 knockdown sets, were sold in overseas markets during fiscal 1986. The export figure includes 1,231,610 passenger cars, up 8.2% from the previous year. Exports to North America rose 14.8%, to 1,097,946 units. Passenger cars accounted for 62.8% of the vehicles shipped to the region.

Toyota's plans to capture 10% of the world's auto market by the 1990s, a marketing concept the company has dubbed Global 10, call for improving its modest 3% market share in western Europe as well as in Japan. But the U.S. is the key to making Global 10 a success. Toyota marketers report that for the company to seize 10% of the world market, it must have a 10% share of the U.S. market.

In the U.S., Toyota sales topped the million mark for the first time in calendar 1986, reaching a total of 1,024,305 units —647,436 cars (including 7,281 U.S.-built Corolla FX-16s) and 384,150 compact trucks—up 7.2% from a year earlier. The total represented an 8.9% share of the U.S. market, up from 6.7% in 1985, and a 31.5% share of the import market. Toyota ranks first among Japanese car importers, followed by Nissan at 22%, Honda at 12.4% and Mazda, 11.6%.

The company also led importers in total truck sales with an 8.2% share of total U.S. light truck markets, followed by Nissan at 4.8%, Mazda 3.3%, Isuzu 1.9%, Suzuki 1% and Mitsubishi 0.76%.

Despite record sales in fiscal 1986, Toyota is forecasting a 2.3% decline in car shipments for 1987 and a 4.8% drop in revenues. This is because of the strong yen, which has appreciated 40% against the dollar in the last year. A strong yen narrows the margin between the return Toyota gets on its cars and trucks in the U.S. and the cost of producing the vehicles in Japan. The U.S. is Toyota's most lucrative market.

Further squeezed by self-imposed quotas under the Voluntary Restraint Agreement, Toyota has followed Honda, Nissan and Mazda in constructing U.S. production facilities to assure itself an adequate supply of cars in the market.

Toyota and General Motors operate a joint venture plant called New United Motor Mfg. Inc. (NUMMI) in Fremont, Calif., which builds Toyota's Corolla FX and FX-16 models and Chevrolet's compact Nova. Currently, Toyota is building an $800-million plant in Georgetown, Ky., which will produce the upscale Toyota Camry ($14,168 for a top-of-the-line LE 5-door wagon). Capacity will be 200,000 units per year when the plant begins production in mid-1988. At that time the company will also start up a $400 million facility at Cambridge, Ont., which will make up to 50,000 Corolla class cars per year.

Two of Toyota's rivals are marketing upscale luxury cars in the U.S. or have announced plans to do so with separate dealer networks—American Honda through its Acura division and Nissan with its upcoming Infiniti. Toyota has yet to make a formal announcement of its plans to form a second luxury car division in the U.S., *but it is planning for one.*

However, Toyota already has identified 100 key Toyota dealers who will get first shot at the unnamed new franchise. It reportedly will open the 1989 year with three luxury-performance car lines and eventually set up 250 to 300 new dealerships. Size of the introductory ad budget is expected to be $30 million. Another agency may be chosen to handle the new division, but no advertising decisions have been announced yet.

The Toyota Corolla model, with sales of 152,137 units, was once again the company's best-selling line in the U.S. Sales of the Corolla were down 16,241 units from 1985. Toyota's second best-seller, the Camry, came in at 151,767 units sold, up 23,635 from the previous year. The Camry was followed by the Celica at 106,731 units and Tercel at 76,914.

Of the company's $181.7 million in measured advertising in 1986, 55% went for cars, 45% for trucks. Media was dominated by spot and network TV at 69%, newspapers 12%, and magazines 11.8%.

New introductions for the 1987 model year included the sporty subcompact Corolla FX-16, the low-price leader Tercel (at $5,848 a head-on competitor with South Korea's Hyundai) and new Camry sedan and Camry Wagon models. Besides the new launches, all of which had heavy ad support, Toyota pushed redesigned Celica and Supra models.

Toyota went into the launches in the fall with a 21-spot ad package which was its largest ever. Heaviest media weight was given the Camry, followed by promotion of the Tercel.

The Toyota reputation for quality was further enhanced when an independent study by J.D. Power & Associates, Westlake Village, Calif., gave Toyota six of the 10 top positions in a survey of the most trouble-free cars in the U.S. The Toyota Camry took the No. 1 ranking in the survey, a fact not overlooked in its advertising during the 1987 model year.

The popular Camry accounted for $15 million in 1986 measured media spending, 70% evenly split between network and spot TV, the rest in magazines.

While a shortage of Camrys at dealerships is a problem, at least until the company's Kentucky plant comes on stream in 1988, supplies of the U.S.-built Corolla FX-16 are plentiful, although demand for the car continues to be soft.

Rollout of the FX-16 began with the "getaway" commercial which broke on network and spot TV in fall 1986, supported by the use of Screenvision in theaters and some sports arenas. A second phase spot for the FX focused on its position as the lowest priced Corolla and its roominess, emphasized by a driver dressed as an astronaut in space.

The low-end Tercel models, priced at $5,848 for the EZ three-door liftback model, accounted for $7.6 million in measured media spending in 1986, most of it in spot and network TV, supported by a modest print campaign in magazines.

At mid-year, Toyota introduced a sporty two-door Tercel coupe to broaden the Tercel's appeal to entry-level buyers. Toyota expects to sell 26,000 Tercel coupes, base-priced at $6,548, in the 1987 calendar year.

Carryover TV spots on the top-of-the-line Supra continued the animation creative approach. A total of $12 million in measured media was spent on Supra in 1986. Unit sales of the $20,000 Supra hit 32,823 in 1986, up 28%.

With the price of the two-wheel drive standard pickup now at $6,598, up from $5,998 in 1985, Toyota no longer features low price as a selling point in its truck advertising. This was a category that accounted for about $35 million in measured media expenditures during 1986. As the company looked for a bigger share of the sport/utility truck market, the SR-5 Turbo model, priced at $18,568, got featured treatment in its own TV spot and a full-page ad run in enthusiast magazines.

The company continued its use of celebrity spokespersons. For the third straight year it made use of pro golfer Lee Trevino to pitch the full line of trucks and vans. Actor Eli Wallach continued to discuss qualities of fun and toughness of the truck line, and actor Martin Sheen, long used as voiceover for cars, pitched autos.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	22,878	20,761
Magazines	21,533	16,412
Newsp. supp.	444	31
Bus pubs	932	770
Farm pubs	189	192
Network TV	33,104	27,793
Spot TV	90,292	71,080
Network radio	0	989
Spot radio	6,489	5,210
Outdoor	2,014	2,173
Network cable	3,887	4,355
Total measured	181,761	149,765
Unmeasured	27,116	22,343
Total	208,877	172,108

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Corporate Personnel

Yukiyasu Togo, president
Robert McCurry, sr vp

Marketing Personnel

James Perkins, group vp-sales, mktg, distribution & planning
Albert W. Wagner, vp-sales
George Borst, corp mktg mgr
Jan Olson, natl adv mgr
Dave Danzer, natl car adv mgr
Don Cecconi, natl truck adv mgr
James Olson, corp pr mgr
Kevin Flynn, dealer assn adv mgr

Advertising Agency

Saatchi & Saatchi DFS, Torrance, Calif.—Stuart Upson, chmn-ceo-New York; Jim Lindsey, chmn-Southern Cal; Joe Cronin, mgmt dir.

RANK
14

Unilever PLC/NV

London/Rotterdam

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	23,368	24,205	(3.5)
Net income	982	748	31.3
U.S.	**1986**	**1985**	**% chg**
Sales	4,842	4,250	13.9
Operating profits	144	108	33.3
Advertising	518	492	5.3

Acquisition-minded Unilever rebuffed in an attempted takeover of Richardson-Vick's in 1985, rebounded in 1986 with a $3.1 billion in cash buyout of personal products giant Chesebrough-Pond's, thereby gaining the ground it had lost to archrival, Procter & Gamble, which had won the race for R-V.

The holding company, Unilever, with joint headquarters in London and Rotterdam, acted as a white knight for Chesebrough, which was facing a hostile takeover from American Brands.

The Chesebrough acquisition may have whetted rather than sated Unilever's appetite for U.S. businesses, because Unilever was rumored as a suitor for both International Playtex and Gillette Co., although neither deal materialized.

The melding of Chesebrough into Unilever caused an inevitable reshuffling of both Lever Bros.'s marketing personnel and the company's ad agency roster.

The ultimate winners in the agency review, finalized in February were Unilever's U.S. agencies Ogilvy & Mather and McCann-Erickson. Ogilvy picked up the lion's share of ad billings, with an estimated $55 million of Chesebrough's $70 million.

O&M gained $13 million in Aziza billings; $17 million in fragrance billings; $6.5 million from Pond's; $8 million in Cutex; $250,000 from Erno Laszlo skincare products and $9 million in haircare product billings. McCann won an estimated $14 million in Vaseline billings.

On the losing side was Waring & LaRosa, New York, which lost Aziza and Cutex, but retained Ragu and Adolph's food products, valued at $19 million. William Esty Co. lost both fragrances and Elizabeth Taylor's Passion perfume, the latter of which had been won from Chesebrough only a month earlier. Lowe Marschalk Inc. also lost the $8 million Q-Tip account to O&M.

In all, Chesebrough products were backed with $78 million in seven measured media in 1986, virtually the same as in 1985, according to BAR/LNA.

Power on the corporate executive side of personal products appeared to shift from Lever to Chesebrough, as evidenced by the appointment of Gary Mallock, Chesebrough's Health and Beauty Products division president, to head a $700 million combined personal products unit of Chesebrough and Lever. The appointment clouded the future of Wayne Nelson, Lever's wunderkind personal products division president who had turned around the company's toothpaste business. Mr. Nelson, a P&G alumnus, joined Lever on the heels of its R-V loss to P&G and had been heralded as Lever's trump card against its Cincinnati-based rival.

Patrick Choel, Lever VP personal care business was named to VP-marketing for the combined operation, moving to Chesebrough's Greenwich headquarters.

The acquisition also left two directors running different North American businesses. The two are Gordon Stevens, Lever Bros. chairman, and Morris Tabaksblat, chairman Unilever U.S., who in early 1987 succeeded Ralph Ward as Chesebrough chairman-ceo. Observers say it is unprecedented for Unilever to allow a redundancy such as two directors, and favor Mr. Tabaksblat, 49, for the top post.

Also as a result of the acquisition, Chesebrough's unprofitable G.H. Bass Shoe division and Prince tennis racket business, long-rumored for divestiture, were put on the block.

Prince was sold in June 1987 to Brentwood Associates, Los Angeles-based leveraged buyout firm. Bass was sold to Phillips-Van Heusen in July 1987 for $79 million. Unilever also put Stauffer Chemicals, acquired by Chesebrough for $1.25 billion in 1985, up for grabs.

Chesebrough's U.S. operation is virtually the same size as Unilever's big U.S. operating unit, Lever Bros. U.S. sales for Chesebrough were $2.28 billion, up 23.7%, compared with worldwide sales of $2.73 billion, up 21.8%. Its worldwide net income was $159 million up 94.1%. Sales at Lever Bros. were a record $2.48 billion, up 18%, although it recorded a net loss after taxes of $18.6 million, substantially lower than the $38.6 million projected by the company as a result of investment spending.

In mid-1987 Lever unleashed a powerful weapon—new drug approval from the Federal Drug Administration for its fluoride Extra Strength Aim—in the $1 billion dentrifice war with P&G and Colgate-Palmolive. Hard-hitting spots by Aim agency SSC&B, New York, which won the account from O&M the previous year, began touting Extra Strength Aim's fluoride superiority. One spot shows a Colgate tube being squeezed out under running water in a basin with the voice-over, "Sorry, Colgate. Looks like your 20 years of maximum fluoride protection is going right down the tubes." A second spot says, "No matter how hard you try, you can't squeeze as much cavity-fighting fluoride out of Crest as you can out of this." Shown is a tube of Extra Strength Aim.

P&G disputed Lever's claim, unsuccessfully, at the FDA and both Colgate and P&G took the ads to the National Advertising Division of the Better Business Bureau. All three advertisers gave conflicting reviews of independent studies at the NAD, and Lever, which issued a statement it stood by the truthfulness of its advertising, nonetheless said the spots had run their course.

While Colgate appears to be retreating in the fluoride arena to concentrate on the tartar-control ability of its Colgate Tartar Control brand, P&G is fighting on both fronts.

Although Lever asked both Colgate and P&G to drop their fluoride-superiority claims, only Colgate complied. P&G leads the dentrifice market with a more than 39% share for its Crest lines, followed by Colgate's 23%. Aim still holds the No. 4 spot, with 7%, below Beecham Products' Aquafresh, with 10.5%.

Measured spending for Aim in 1986 was $9.6 million, down 9.4% from 1985. Lever spent $3.3 million on its Aim toothbrush in 1986, according to BAR/LNA Inc.

Lever Bros. and P&G remained staunch contenders for the lead in the $3 billion detergent battleground in 1986. Lever's Wisk maintained its No. 1 share in the liquid detergent category, with a 7.6% share, while Tide liquid moved up to 5.3%. P&G's Tide still holds the No. 1 spot in the powdered detergent market, with a 19.1% share. BBDO Worldwide, New York, handles Wisk.

Lever's Surf, which increased distribution to 33% of the country in 1986, climbed to a 5.9% share (in both powder and liquid forms). Surf liquid, with distribution in only 15% of the country, holds a 7.5% share in its markets—making it the No. 2 brand. Lever said it would increase Surf's distribution to 50% of the country in 1987. The brand is billed as removing "both dirt and odors."

The company also lent an established brand name in liquid detergent, Wisk, to the $2.1 billion powdered detergent segment with a Houston test in 1986. In its test market, powder Wisk attained a 6.5% share. Measured ad spending for powder Wisk in 1986 was $551,000.

In the summer of 1987, Lever dazzled the competition with a summerlong traveling firework exhibition for Wisk staged by Bellport, N.Y.-based pyrotechnics experts The Grucci Bros. During that period, the company spent $10 million in combined advertising and promotion for the brand, including a new TV campaign pointing up the all-purpose cleaning power of New Wisk, a move away from the heavy-duty ability of its long-running "ring around the collar" claims. Total measured ad spending for Wisk in 1986 was $22.8 million, up 33.3% from the previous year. Spending for both liquid and powder Surf was $12.7 million, more than double 1985's measured spending of $5.7 million.

Volume for laundry detergents in the U.S. increased by 18%, the company says, attributing the gain to new product lines and extensions.

Although P&G beat Lever to the punch with Tide Multi-Action sheets, a combination detergent, whitener and fabric softener, Unilever is marketing a detergent and bleach mixture in a water soluble pouch in Paris. The product, called Apollo, will be moved to the U.S. if the test is successful.

Lever's Snuggle fabric softener, which attained a 13.6% share of its category, softened its spending to $12 million, down 21.6%. Lever rolled national in 1986 with its Snuggle softener sheets, and increased measured spending fourfold to $12.2 million, up from $3.2 million. Snuggle sheets had a 7.5% share in 1986. SSC&B handles.

Lever lost some ground to Colgate-Palmolive, as that company's Palmolive liquid automatic dishwashing detergent beat Lever's Sunlight liquid automatic to market. Sunlight had been testing in Milwaukee and Phoenix in preparation for a national launch in mid-1986, but production problems held up its entry into the $550 million segment. As a result, Lever spent only $106,100 on Sunlight liquid dishwasher detergent in 1986. The powder version was supported with $10.2 million in measured spending, according to BAR/LNA. BBDO, New York, handles Sunlight.

In the $1 billion bar soap category, Lever's holds the largest collective share with its brands, and Dove is the No. 1 soap in the category with a 13.9% share. Dove was supported with $12.2 million in measured media via Ogilvy & Mather, New York. Caress, with $10.3 million in measured support, is handled by BBDO, New York, and Shield with $4.9 million via SSC&B.

Lever began testing its Trust brand deodorant in southern markets in 1986, its first entry in that category. The company also extended the Close-Up name to a lip balm product during the year.

Unilever's Thomas J. Lipton unit, Englewood Cliffs, N.J., acquired Wyler's powdered drink mix from Borden Inc. in a swap which gave Borden Lipton's Pennsylvania Dutch Egg Noodle lines. Analysts say Lipton's marketing muscle should build Wyler's—the perennial No. 2 to General Foods' powdered drink business—while strengthening Lipton's position in convenience teas, an allied category.

Lipton says the acquisition expanded its powdered soft drink business more than four times.

Lipton also heated up the $900 million side dish market by overtaking General Mills' Golden Grain division's Noodle Roni as the No. 1 noodle side dish. Lipton spent $2.1 million in measured spending for its Pasta & Sauce line in 1986, and $6.4 million for the Rice & Sauce line, up from $3 million combined for the two brands in 1986. Bozell, Jacobs, Kenyon & Eckhardt, Chicago, handles the side dishes.

Lipton increased its side dish offerings to 40 in 1987 with Potatoes & Sauce and Lipton Cool Side Salad Dishes, a direct challenge to GM's Betty Crocker potato lines and Suddenly Salad cold side dish line.

The fruit snack war became stickier when Lipton spent $24 million to introduce three new fruit snacks in 1987. Sunkist Fun Fruits holds the No. 1 position in the $225 million fruit snack segment, but a 10% share of the larger wholesome snack segment, which includes granola bars, where Lipton has no entry. General Mills holds a 15% share of the larger category, a big dip from its 1985 share of 23%.

During 1986, the popularity of fruit rolls weakened, while the bite-size fruit snack market grew. Fruit rolls/bars dropped 16.8% to $108 million in retail sales while bite-sized fruit products, such as Big G's Fruit Wrinkles, grew from $5 million to $96 million. Lipton, whose strength in the segment in 1985 had been dependent on Sunkist Fruit Rolls, adapted to the trend and in 1986 tested Creme Supremes, a yogurt-covered, bite-sized fruit snack which rolled national the following year.

The company also began testing Sunkist Fruit Surprises, an embossed fruit roll, in Boston and began national distribution of Flavor Tree Fruit Nibbles, an unsupported yogurt-covered snack.

The company also introduced Fun Fruits in new shapes, including letters, animals and numbers, to appeal to the 4-to-7-year-old age group.

Lipton spent $5.8 million on its Sunkist Fun Fruit line in 1986, up 70.6%. For the Creme Supreme rollout, however, the company says it would spend an additional $24 million in 1987. FCB/Leber Katz Partners, New York, handles.

Lipton says its sales gains in 1986 were led by the side dish and fruit snacks lines. Net sales for Lipton in 1986 were $1.30 billion, up 2.4%. Net income for the division was $91.5 million, up 13.8%.

The competition turned healthy in the margarine market, where Lever's Promise and RJR Nabisco's Fleischmann cut right to the heart of the matter. Lever broke a $18 million campaign for Promise themed "Get Heart Smart," pointing up the low-cholesterol properties of the brand. Three weeks later Fleischmann's broke a spot in which a 30-year-old man discusses his recent heart attack.

The Promise campaign, via McCann-Erickson, New York, helped the brand to vault from a 1% national share to a 6% share in its 11 regional markets, prompting the company to roll national by late 1986. Fleischmann's held an 8% share nationally. Tatham-Laird & Kudner, Chicago, handles Fleischmann's, which had earlier been positioned to consumers aged 50-plus.

By the end of 1986, Lever had taken the lead overall in the margarine segment, with nearly 30% of the market, although Kraft's Parkay brand is the brand leader with 16%.

Lever spent $9.7 million on its Shedd Spread in 1986, down 5.8%. Shedd holds a 12% national share. The company spent $4.8 million on Imperial, a premium brand with an 8% share, up substantially from $1.6 million in 1985 measured spending, according to BAR/LNA. Stone & Simons, Southfield, Mich., handles Shedd's Spread; Ogilvy & Mather, New York, handles Imperial.

In 1986 Lipton, along with powdered soft drink competitors Nestle and General Foods jumped into fruit teas. All three companies spent an estimated $8 million each to introduce the combination iced tea/powdered fruit-flavor drinks, but by 1987 the market had failed to achieve satisfactory results.

Lipton, the No. 1 convenience tea marketer with a 42% share, attained less than a 25% share of the $48 million fruit tea segment. Nestle, with a 20% convenience tea share, leads the fruit tea segment with a 50% share. GF's Crystal Light Fruit Teas holds a 25% share of the segment, but has no iced tea entry.

As a result of the fruit tea flop, Lipton says it will concentrate on its core convenience tea business and divert the bulk of its spending there, where it has gained considerable share at Nestle's expense. Fruit teas will be supported primarily in heavy iced-tea consumption areas, with minimal national exposure beyond consumer promotional events in 1987. As a result, measured spending for fruit teas dropped to $2.5 million in 1986. Ally Gargano/MCA, New York, handles.

In convenience teas, Lipton targeted soft-drink consumers with fast-paced national advertising featuring athletes winding down with an iced tea. The company also ran a consumer promotion offering consumers 20% off a pair of Reeboks at Athlete's Foot stores with four proofs-of-purchase of the teas. SSC&B, New York, handles.

In hot teas, Lipton rolled national with its decaffeinated tea bag. SSC&B, also handles.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	2,427	2,398
Magazines	49,816	39,000
Newsp. supp.	466	993
Bus. pubs	315	150
Network TV	202,371	195,904
Spot TV	60,808	62,186
Network radio	6,607	9,224
Spot radio	4,312	2,114
Outdoor	104	45
Network cable	5,212	3,787
Total measured	332,438	315,800
Unmeasured	185,308	176,034
Total	517,746	491,834

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LEVER BROS. CO.
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Marketing Personnel

Richard C. Butler, dir, Lever media group

HOUSEHOLD PRODUCTS DIVISION

Corporate Personnel

John R. Cookson, president

Marketing Personnel

John R. Speirs, mktg vp
Edward J. Chima, mktg mgr, hard surface cleaners
William J. Gentner, mktg mgr, laundry adds
Charles Kummel, mktg mgr, bar soaps
George T. Mayer Jr., mktg mgr, laundry dtgs
George J. Frazen Jr., vp-sales
Robert E. Norris, natl sales mgr-field sales
Gloria Deragon, mktg rsch dir
Elizabeth Crehan, dir-promo svcs

FOODS DIVISION

Corporate Personnel

A. Clive Butler, president

Marketing Personnel

John O'C. Nugent, mktg vp
Michael E. Bauer, mktg dir
Celene Varasano, mktg mgr
Terry Bauer, sales vp
Lynn Johnson, mktg rsch dir
Susan Farrow, promo devel mgr

SPECIAL MARKETS DIVISION

Corporate Personnel

Gerald V. Batti, vp

Marketing Personnel

Frederick Thimmes, mktg dir
Jerry A. Westman, genl sales mgr-armed forces domestic
S. Ray Marks, sales planning dir

INDUSTRIAL DIVISION

Corporate Personnel

Harold Jackson, genl mgr

Marketing Personnel

Riley N. Stone Jr., mgr-mktg & govt sales
Joseph P. Kysel, mgr-detergent prods
Carl Canter, tech mgr, detergent & toiletries

Advertising Agencies

BBDO Worldwide, New York—Wisk detergents, Sunlight dishwashing liquid, automatic powder and automatic liquid detergents, Caress Lux Liquid—Art Unger, sr mgmt rep; Bill Heath, mgmt rep; Don Maurer; acct super. Mrs. Butterworth's syrups and pancakes—Art Unger, sr mgmt rep; Margaret Evans, mgmt rep; Marsha Walyck, acct super. Selected brands in Puerto Rico for special mkts div.

Richard Lewis Corp., Scarsdale, N.Y.—industrial & institutional prods—Richard I. Byer, president.

McCann-Erickson, New York—Promise spreads, I Can't Believe It's Not Butter—Gunnar Wilmot, group dir; Paul Kilbane, mgmt rep; Linda Luca, acct super; Teddy Strain, acct exec, Promise; Francesca Morselli, acct exec, I Can't Believe It's Not Butter.

Moss & Co., New York—military mkt, Hawaii, Alaska, Guam for special mkts div—Harry Reingold, acct super; Marisol Estoy, acct exec.

Ogilvy & Mather, New York—Dove bar soap.

SSC&B, New York—Concentrated All, liquid All detergents, dishwasher All, Snuggle, Shield, Lifebuoy soaps—Claire Berkeley, mgmt super; Cindy Wilford, acct super; Brian Schadt, acct super, Cynthia Williams, acct exec.

Stone & Simmons, Southfield, Mich.—Shedd's spreads, Country Crock spreads, Mrs. Filbert's margarine—Chris Gaffield, exec vp-acct svcs; Howard Dembs, acct super; Doug Stone, sr acct exec; Lori Young, acct exec, Shedd's, Country Crock; Lori Young, acct exec, Mrs. Filbert's.

Sudler & Hennessey, New York—professional programs—Wayne Traub, acct super.

J. Walter Thompson Co., New York—Lever 2000, Lux soap, Rinso detergent, Dove liquid—Steve Dworin, sr vp-mgmt dir; Bill Gross, acct dir; John Mittnacht, acct super.

THOMAS J. LIPTON INC.
Englewood Cliffs, N.J.

Corporate Personnel

Hubert M. Tibbetts, president-ceo
Blaine Hess, exec vp-consumer dry grocery div
Dolph W. von Arx, exec vp-genl mgmt
Thomas Fuelling, president-ceo, Lawry's Foods

Marketing Personnel

James W. Benson, sr vp-mktg
Gerald B. Boycks, vp-beverage div
Anthony L. Franke, vp-foods div
Elwood L. Qualls, vp-genl mgr-broker, prods/special mkts div
Edmund Ladendorff Jr., vp-mktg support and devel
Angelo LaMantia, vp-new prods, coord div
Robert Livingston, vp-sales div

John Heil, vp-grocery mktg, Lawry's Foods
Max Ballard, genl mgr-Good Humor
John W. Starr, genl mgr, foodservice/bottler's concentrate div
Richard P. Kundrat, genl mgr, grocery broker prods div
Vivian Bruno, dir-mkt rsch
Bruce Hoenig, dir-media svcs
Theodore Labiner, dir-creative svcs
Anthony G. Montuori, dir-sales, promo, coord
Linda Webb, dir, nutrition, consumer svcs
David P. Bell, dir-prod mgmt, regular and specialty teas
Bruce S. Belowich, dir-prod mgmt, convenience teas
Stewart Krentzman, assoc dir- prod mgmt, Wyler's drink mixes
Gregory G. Knoll, dir-prod mgmt, soup and recipe prods
Daniel Morrison, dir-prod mgmt, condiments and snacks
Thomas Keen, project dir, new products
Allen Carlson, project dir, new products

Advertising Agencies

Ally Gargano/MCA Advertising, New York—Lipton Fruit Teas—Warren Dechter, exec vp-dir client svcs; Lloyd Fritzmeier, sr vp-group acct dir.

Bozell, Jacobs, Kenyon & Eckhardt, Chicago—Lipton Side Dishes, Lipton Cool Side Salads—Michael Peroff, sr vp-dir, client svcs; Sven Welander, vp-mgmt super.

Dailey & Associates, Los Angeles—Lawry's Foods—Stephen Chabre, exec vp-coo; Brian Morris, mgmt super.

FCB/Leber Katz Partners, New York—Sunkist Fruit Snacks, Wish-Bone salad dressing—David Roethgen, sr vp-mgmt dir.

SSC&B, New York—regular teas, convenience teas, specialty teas, herbal teas—Steve Norcia, exec vp; Ned Parker, mgmt super; John Fraser, acct super; Mitra Mehanian, acct exec, convenience teas. Bob Nadelman, acct super, specialty and herbal teas; Kate Lanigan, Cecily West, acct execs, specialty and herbal teas. Cup-A-Soup—Steve Norcia, exec vp; Dick Ellington, mgmt super; Algernon Greenlee, acct super; Matt Lake, acct exec. Good Humor—Steve Norcia, exec vp; Sharon Treacy, acct super; Stuart Tobin, acct exec.

Young & Rubicam, New York—Lipton soup mix—Fernan Montero, exec vp-group dir; Edward Concannon, Cathy McCarthy, vps-acct supers.

CHESEBROUGH-POND'S
Westport, Conn.
PACKAGED GOODS DIVISION
Marketing Personnel

Charles Strauss, president
John Rice, vp-mktg
David Cooper, group prod mgr, spaghetti sauce
Frances Bainor-Ebner, group prod mgr, all other brands
Fred Hauser, group prod mgr, new prods
John Fesen, mgr-sales forecasting/analysis

Advertising Agency

Waring & LaRosa, New York—Ragu spaghetti sauces, Pizza Quick, Pasta Meals, Adolph's meat tenderizer and marinades—Irwin Levy, sr vp-acct svcs; Clark Oliver, mgmt super; Ron Jones, acct super, Ragu; Don Amira, acct super, Ragu Pasta Meals; Ellie Schwartz, acct exec, Ragu Pasta Meals, Adolph's and Pizza Quick.

HEALTH & BEAUTY PRODUCTS DIVISION
Marketing Personnel

Gary Malloch, president
Patrick Choel, mktg vp
Robert Sheasby, mktg mgr, skin care
Linda Nash, mktg mgr, facial skin care, hair care
Susan Coleman, mktg mgr, oral hygiene, personal care, cotton swabs, dentifrice, deodorant
Stephen Galasso, mktg mgr, dentifrice, deodorant
Vic Gander, sales vp

Advertising Agencies

BBDO Worldwide, New York—Signal mouthwash—Art Unger, sr mgmt rep; Margaret Evans, mgmt rep; Marsha Walyck, acct super.

McCann-Erickson, New York—Vaseline Intensive Care lotion, Vaseline Petroleum jelly, Vaseline Lip Therapy—Dan Cohen, group dir; Marsha Badanes, mgmt rep; David Edelberg, Carol Cinnamon, acct supers; Helen Pantuso, Barbara Giuffre, acct execs.

Ogilvy & Mather, New York—Pond's Q-Tips, Rave—Kathy Foley, mgmt super; Kristine Gallagher, acct super; Susan Keck, acct exec.

SSC&B, New York—Aim, Aim toothbrush, Aim Pepsodent toothpaste, Pepsodent Toothpaste, Pepsodent Plus toothbrushes—Phil Cohen, mgmt super; Bill Vitriol, acct super; Michael Bentivegna, acct exec; Cynthia Reid, acct exec, Aim toothbrush.

J. Walter Thompson, New York—Close Up Toothpaste, Close-Up Lip Balm, Dimension shampoo—Steve Dworin, sr vp-mgmt super; David Sass, sr acct super; Ann Pogue-Campbell, acct super.

PRINCE MATCHABELLI DIVISION
Marketing Personnel

Raymond Baliatico, president
Michael Horowitz, genl mgr, Erno Laszlo
Terry Augenbraun, vp-mktg, cosmetics
Gregory Van Gasse, dir-mktg, fragrance
Terry Mohr, vp-sales

Advertising Agencies

Ogilvy & Mather, New York—Wind Song, Aviance Night Musk, Verve, Cachet, Masquerade, Aziza, Cutex, Erno Laszlo, Elizabeth Taylor's Passion—Sharon McGavin, mgmt super.

SSC&B, New York—Impulse Body Spray, Axis Men's spray cologne—Phil Cohen, mgmt super; Robert Barnes, acct super; Bennett Miller, acct exec.

SPECTRUM GROUP
Marketing Personnel

David Bluestein, president
Thomas Sapinski, sr vp-sales & mktg
Gene Wagnon, dir-mktg
Richard Altman, natl sales mgr
Sharon Woods, mktg svcs dir
Elese Hall, media dir

Advertising Agency

Caraway-Kemp Communications, Jacksonville, Fla.—Hot Shot household insecticides, Spectracide household, lawn and garden prods, Rid-A-Bug home pest control, No-Pest insecticide trips, special delivery lawn care prods, Bag-A-Bug biological insect controls, Expire mouse bait station—John E. Caraway, chmn-creative dir; William D. Kemp Jr., president.

RANK
U.S. Government
29
Washington

($ in millions)

U.S	1986	1985	% chg
Advertising	306	259	18.2

Spending by the U.S. Government rose 18% to $306 million in 1986, largely a result of budget hikes by military advertisers and the U.S. Mint. The government is likely to spend significantly more this year, since several new advertising campaigns have been added for such diverse issues as immigration and AIDS awareness.

But the main news of the year centered on the military, which spends two-thirds of the government's ad budget. In 1986 military advertising increased 16% to $206.6 million, but the Department of Defense says it intends to decrease its total budget by 25% by 1991.

Also, four service branches, accounting for more than $130 million in billings, changed agencies in the last 12 months.

Another major government advertiser, Amtrak, had 1986 spending rise only slightly to $28.9 million and is expected to keep at the same levels. It's still rolling a TV campaign focusing on the romance of train travel, via DDB Needham Worldwide.

The U.S. Postal Service's 1986 advertising budget fell 16% to $33.4 million, but postal officials expect to spend more in the coming year to reflect Postmaster General Preston Tisch's desire for more aggressive marketing. In 1988 the USPS will review its contract with Young & Rubicam.

The federal government's 1987 total also gets a boost from a $10.7 million campaign by the Immigration and Naturalization Service, which earlier this year awarded the 18-month assignment to the Justice Group, Los Angeles.

Campaigns to inform illegal aliens and employers of the new immigration law broke in July, using the theme "Working for a better America" and starring Robert Stack and Hector Bonilla, a Mexican actor.

This year military advertising is expected to decline to $191.3 million, despite a dwindling pool of 18-year-olds, recruiters' prime targets. The numbers of 18-year-olds will fall through 1992, when there will be only 3 million of them, down 25% from 1978.

Military advertisers who changed agencies in recent months are likely to experiment with new campaigns in 1988. The Army, Navy, Air Force and National Guard all switched allegiances this year.

The reviews were marked by heated competition, especially the exhaustive Army search, which called the biggest guns to the field and ended with 19-year account veteran N W Ayer as a casualty.

In November, weeks before the decision on the Army's $500 million, five-year contract, the Army suspended Ayer from government business, essentially throwing it out of the review. The Army said it had evidence that Ayer had allegedly inflated time cards and rigged bids. It also held Ayer responsible for the conduct of an Ayer VP found guilty of embezzling $60,000 from a subcontractor.

Ayer's suit against the government for the suspension is still pending. Young & Rubicam, New York, won the contract in January.

In August 1987, the Navy pulled up its 12-year anchor at Ted Bates Advertising (now Backer Spielvogel Bates) to dock with BBDO Worldwide, New York. The series of changes began in August 1986 when the Air Force landed at Bozell, Jacobs, Kenyon & Eckhardt, leaving D'Arcy Masius Benton & Bowles, its agency of 27 years.

BJK&E also snared the National Guard's account, which DDB Needham Worldwide resigned after six years.

Only the joint military advertising account, in review in 1986, remained at incumbent Grey Advertising. The Marine Corps was the only military service not up for review in the past year. J. Walter Thompson USA isn't slated to defend its three-decade hold until its five-year contract expires in 1990.

While new campaigns aren't slated to break until early 1988, the Army says it will keep "Be all you can be," adding as a secondary slogan, "Get an edge on life."

The Air Force will keep "Aim high," while unveiling new executions next year, and the National Guard is still developing its advertising. The Navy is considered likely to drop its 12-year "Live the adventure" theme since most of the agencies that vied for the account, including BBDO, recommended against it.

Recruiting efforts overall achieved the same high levels as in 1985. The Navy lagged slightly behind the other services in enlisting high school graduates, however.

The Army wants a $104 million budget for 1988, up from the $97.9 million it expects to spend this year. In fiscal 1986, it spent $105.3 million, with $8.8 million going to the Army Reserve Officers Training Corps.

The Navy has been hardest hit by budget cuts. Its budget plummetted 48% to $17.6 million this year. It sought to shift $10 million from a different Navy department into its ad budget, but Congress didn't go along. It seeks an increase to $25 million in 1988.

The Marine Corps' budget increased 14% to $19.6 million in 1986 and is slated to remain at that level for the next two years.

The Air Force budget fell 3% to $16.3 million in 1986, and will rise to $16.8 million in 1987. It asked for $15.7 million in 1988.

The Army National Guard's budget rose 31% to $11 million, and the service expects to spend $14.5 million this year and the same level in 1988.

The Air National Guard's budget rose 22% to $2.8 million, and it intends to stay at that level for the next several years.

The joint services ad budget dropped 7% to $17.2 million, but it will spend $21.3 million in 1987 and ask for $33.5 million in 1988. Results of the advertising mix test, which calculated that the Department of Defense could advertise more efficiently by beefing up the joint services budget, was slated for release this month.

The Coast Guard, part of the Department of Transportation, is spending about $500,000, and in 1987 switched to CSI Productions, Hyattsville, Md., from Thomas Buffington & Associates, Washington.

In 1986, the largest addition to government spending was the U.S. Mint's $32 million campaign for Statue of Liberty commemorative coins.

Sales from the coin raised more than $82 million to restore the 100-year-old statue. Grey Advertising handled the campaign, using the theme, "Keep Liberty in mint condition."

Grey's success earlier this year won it the $8 million campaign for the U.S. Mint's bullion coin, the American Eagle. A domestic and international print campaign uses the theme "American Eagles. An investment you can actually hold."

The U.S. Mint hopes to issue a commemorative coin annually. This summer it began selling the U.S. Constitution coin, celebrating the bicentennial. Backer Spielvogel Bates, New York, breaks TV and print advertising in September, using the theme, "Hold onto the promise." The campaign is expected to approach $20 million in billings. Sales from the coin may raise $55 million.

Still in the formative stages for 1988 is another Olympic coin, this time for the 1988 Olympics in Seoul and Calgary. Congress is still considering the authorizing legislation.

Public service advertising by the government in 1986 fell 17% to $6.7 million. Much of the drop came at the Advertising Council, whose government billings dropped 32% to $1.3 million in 1986, because government advertisers cut their budgets.

But the Council expects to handle $2.4 million in government campaigns in 1987, including a $600,000 campaign for the bicentennial of the U.S. Constitution and $20,000 in startup advertising for the 1990 Census.

The Council in 1987 broke a new campaign for the Interior Department, asking America to "take pride" in public lands; the TV spots star actors Clint Eastwood and Lou Gossett Jr. In July it accepted a $250,000 assignment from the Internal Revenue Service for a campaign explaining tax reform.

Also boosting the public service arena in 1987 was the creation of a $2 million campaign for AIDS awareness, which the Centers for Disease Control in August awarded Ogilvy & Mather, Atlanta.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazine	$48,179	$37,651
Newspaper	7,798	10,149
Network TV	78,631	54,647
Spot TV	34,095	17,976
Network radio	8,196	6,226
Spot radio	9,725	9,233
Outdoor	338	4,906
Network cable	965	1,478
Total measured	186,962	143,387
Unmeasured	119,132	115,663
Total	306,094	259,050

U.S. GOVERNMENT
DEPARTMENT OF DEFENSE
Washington, D.C.
Staff Personnel

Dr. David Armor, principal deputy asst secretary-force mgmt & personnel
Lt. Gen. Anthony Lukeman USMC, deputy asst secretary-military manpower & personnel policy

Marketing Personnel

Dr. Steve Sellman, dir-accession, recruiting/adv, policy
Lt. Col. John Ford, asst dir-adv

JOINT RECRUITING
Marketing Personnel

Lynn Lucchetti, dir
Lt. Col. Jack Schlegel, USA, deputy dir
Lt. Linda Donner, USN, program ad mgr
Cpt. Junior Ortiz, USMC, program ad mgr
Cpt. Donynna Edward, USAF, program ad mgr
Lt. Col. John Ford, USA, contracting officer's rep

Advertising Agency

Grey Advertising, New York—joint recruiting—Robert Ravitz, sr vp-mgmt rep; Gary Niebauer, Jim Battin, vps-mgmt supers; Len Sussman, vp-acct super; David Stanley, acct super; Sherman Landwehr, business mgr.

U.S. ARMY/ARMY RESERVE
Staff Personnel

Delbert R. Spurlock, asst secretary for manpower & reserve affairs
Lt. Gen. Allen K. Ono, deputy chief of staff for personnel
Gen. Maxwell R. Thurman, commanding general, U.S. Army training & doctrine command
Maj. Gen. Thomas P. Carney, commanding general, U.S. Army recruiting command

Marketing Personnel

Lt. Col. Edward A.M. Sullivan, chief-mkt & adv office
Col. David R. Fabian, dir-adv & sales promo, U.S. Army recruiting command
Col. Alexander Woods, chief-mktg office, ROTC

Advertising Agency

Young & Rubicam, New York—Army, Army Reserve—John Glorieux, exec vp-mng dir; Bill Green, sr vp-mgmt super; Vic Capellupo, vp-rsch; Nancy Smith, sr vp-media.

U.S. ARMY ROTC
Staff Personnel

Maj. Gen. Robert E. Wagner, commanding general, ROTC

Marketing Personnel

Lt. Col. Alexander Woods, chief, mktg office, ROTC

Advertising Agency

Young & Rubicam, New York—Army ROTC—John Glorieux, exec vp-mng dir; Clark Brooks, vp-mgmt super; Vic Capellupo, vp-rsch dir.

U.S. NAVY
Marketing Personnel

Capt. R.F. Kelly, dir-recruiting adv

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See page 57

Cdr J. Hames Jr., dir-adv operations div

Advertising Agency

BBDO Worldwide, New York—Frank Perkins, exec vp-mng dir.

U.S. MARINE CORP

Marketing Personnel

Brig. Gen. J.R. Roy, dir-personnel procurement div
Lt. Col. J.T. Luken Jr., head-mktg branch
Maj. R.A. Canty Jr., asst head-mktg branch

Advertising Agency

J. Walter Thompson USA, Washington—Frank Mangan, group acct dir; Hal Chase, acct super.

U.S. AIR FORCE

Marketing Personnel

Brig. Gen. E. Daniel Cherry, commander, U.S. Air Force recruiting service
Col. Melvyn Cummings, dir-Air Force recruiting adv & publicity

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, New York—Ron Benza, exec vp-acct group dir; Doug Laughlin, vp-mgmt rep; Chris Frentzel, acct super; Lucy Aguinaldo, bus mgr.

NATIONAL GUARD

Marketing Personnel

Lt. Col. Robert Baxter, chief, Army National Guard, recruiting & retention mgmt center
Lt. Col. Carol Boone, Air National Guard recruiting & retention branch

Advertising Agency

Bozell, Jacobs, Kenyon & Eckhardt, Washington and New York—Ron Benza, exec vp-acct dir; Doug Laughlin, vp-mgmt super; Ron Owens, acct super; Al Cockrell, acct exec, Air National Guard; Tom Previ, acct exec, Army National Guard.

TRANSPORTATION DEPARTMENT

Coast Guard

Marketing Personnel

Capt. Glenn Serotsky, chief, recruiting div
Lt. Cmdr. Philip Matyas, chief, recruiting adv branch

Advertising Agency

CSI Productions, Hyattsville, Md.—Coast Guard—Noel Izon, president-acct super.

U.S. POSTAL SERVICE

Marketing Personnel

Mitchell Gordon, sr asst postmaster for mktg & comm
John Wargo, asst postmaster-mktg
Gary Stevens, mgr-creative svcs branch

Advertising Agency

Young & Rubicam, New York—Ned Brown, sr vp, mgmt super; Richard Kebbon, Bill McGorry, vps-acct supers; Pam Hall, Jay Foley, Josh Moritz, Bill Mears, acct execs.

AMTRAK

Marketing Personnel

William S. Norman, exec vp-mktg & business devel
Robert E. Gall, vp-transportation mktg, sales & adv
William Castleberry, dir-adv & sales promo

Advertising Agency

DDB Needham Worldwide, New York—Roy Lancaster, sr vp-mgmt rep; Lauren Berger, vp-acct super.

RANK 85

US Sprint Communications

Shawnee Mission, Kan.

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,132	1,800	18.4
U.S. advertising	102	55	88.0

US Sprint Communications, a joint venture of GTE Corp. and United Telecommunications Inc., celebrated its first birthday on July 1, 1987, and there was cause for jubilation: Revenues, the customer base and market share were up over 1986.

Industry experts say that in order to survive in the long-distance marketplace, US Sprint will need to amass a 7% share of market. US Sprint, whose market share was 4% in 1985 —behind AT&T's 85% and MCI's 8%—stepped up promotional efforts, improved quality and poured most of its advertising budget into TV, resulting in a growth in market share to 6.6% by the end of 1986. Then in September, further rejoicing was sparked by a court ruling banning the regional Bell companies from entering the long-distance business.

Competitor MCI likewise improved its market position with a 10.6% share, while the apparent loser was AT&T, whose market share dropped to 80.2%, according to Glenn Powers, senior analyst with the New York-based market research firm, Northern Business Information Inc., publisher of the U.S. Telecommunications Market Report. Company objectives are to gain a 10% share by 1990.

A chance for greater market stability may result from the ruling early this month that continued the ban on regional Bells to operate long-distance services. The ruling, expected in many quarters, came from Judge Harold A. Greene, who presided over the AT&T breakup.

Currently, US Sprint's eight divisional offices serve more than 5 million customers, double the customer base in less than a year. The company attributes part of the dramatic upsurge to a promotional sales effort, the "Charter Customer Sale." This year Sprint launched its "U.S. Daylight Savings Time Sale" promotion, which promises a 10-month discount in service for new and eligible existing customers who sign up between July 17 and Sept. 30.

The promotion is being sweetened by an across-the-board rate reduction of 4.5%, which US Sprint filed on July 6, 1987, in order to keep its rates lower than those offered by AT&T. Since the January 1984 breakup of the Bell System, long-distance rates have dropped by about 30%. As of last year, when it was formed as a separate entity, Sprint has reduced its own rates three times, for a total of 20%, in addition to the most recent request.

The growing customer base, however, has a negative side. Growth has been so rapid that US Sprint has been forced to lease expensive lines from AT&T to service the business. This in part has generated higher losses than initially projected.

Price is one way to attract new business, but customer demands for quality have influenced the building of US Sprint's nationwide all-digital, fiber-optic network. The 23,000-mile system is expected to be complete by year's end at a reported cost of $3 billion.

In a national TV campaign that broke March 30, a singer in New York breaks a glass bud vase in Los Angeles through voice power and the clarity of the fiber-optic technology. J. Walter Thompson USA handles the account.

US Sprint expects 95% of its calls to be handled by its fiber-optic system by the end of the year. AT&T and MCI also are hurrying to build fiber-optic networks.

Because 55% of US Sprint's revenues come from business customers, TV advertising is directed to male-oriented shows. In 1985, the company's advertising appeared almost exclusively in spot TV markets. Last year, Sprint pumped $25 million into national TV while reducing its spot TV spending 29% to $36.9 million.

In the seven media monitored by BAR/LNA, US Sprint spent $68.4 million for the full calendar year in 1986, compared with $46.7 million while under the GTE umbrella in 1985.

To add to customer convenience, Sprint introduced a travel card service, "Foncard," similar to those offered by competitors. The card increases nationwide access to US Sprint's services.

Even though it is difficult for smaller long-distance companies to establish overseas links because of AT&T's dominance of the market, US Sprint has made 40 countries accessible. Together with the recent introduction of an 800 number-service and other operator services, US Sprint claims it is the "only full-service provider competing with AT&T." Sprint's strategy is to continue to challenge its mammoth competitor in pricing, service and quality.

Robert H. Snedaker Jr. was named president of US Sprint this July. Mr. Snedaker had been the chief operating officer and vice-chairman of United Telecommunications Inc. He succeeded Charles Skibo, who resigned.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	44	0
Magazines	6,057	2,577
Newsp. supp	195	0
Bus pubs	495	0
Network TV	25,013	0
Spot TV	36,906	51,905
Outdoor	0	21
Network cable	258	0
Total measured	68,967	54,503
Unmeasured	33,500	0
Total	102,467	54,503

US SPRINT
COMMUNICATIONS CO.
2330 Shawnee Mission Pkwy.
Shawnee Mission, Kan. 66205
(913) 676-3605

Corporate Personnel

Robert Snedaker, president

Marketing Personnel

Edward W. Carter, sr vp-mktg & sales
Jorge Rodriquez, dir adv & direct mktg
Amanda Weathersby, dir-prod mgmt

Advertising Agencies

Devon Direct Marketing and Advertising, Malvern, Pa.—all natl direct mktg—Jim Perry, Ron Greene, mng partners; Marianne Croze, media dir.

J. Walter Thompson, USA, San Francisco—Lloyd Stein, acct dir; Sherry Carniglia, mgmt super; Daniel Katsin, acct super.

RANK 56

Volkswagen AG

Wolfsburg, W. Germany

($ in millions)

Worldwide	1986	1985	% chg
Sales	29,100	21,000	38.6
Net income	319	641	(50.3)
U.S.	**1986**	**1985**	**% chg**
Sales	3,800	3,800	0.0
Operating profits	84	60	40.0
Advertising	152	119	27.4

Volkswagen of America, a subsidiary of Germany's Volkswagen AG, faced two marketing challenges in 1986 that have carried over into 1987: re-establishing itself in the crowded low-end market and enhancing the identity of its entire line of automobiles.

A 24% increase in advertising spending for 1986 reflected the Troy, Mich.-based subsidiary's readiness to mount an attack on both fronts.

The Fox, which made its debut in early 1987, is VW's answer to the Hyundai Excel from South Korea, as well as low-end entries from both Japanese and Detroit manufacturers. Hyundai sold 168,882 units in 1986 while Yugo, for instance, sold 35,959, GM's Chevrolet Sprint 60,983, and Chrysler's Plymouth-Dodge Colt 45,094.

VW hopes the Brazilian-made subcompact, priced at less than $6,000, is designed to attract first-time buyers and families who already own two or three cars. Sales of the Fox, which is offered as a two- and four-door sedan and station wagon, are expected to total 50,000 to 60,000 units for the first full year. The company originally had projected sales of 70,000 units, but was forced to scale down that figure due to delivery problems from Brazil.

Ads for the Fox have played off the legacy of the Beetle, the popular, low-priced model which VW used to establish itself in the U.S. Yet the ads positioned the Fox as a contemporary car, not just today's Beetle. One magazine spread showed the back half of a beetle on the left and a Fox on the right. Underneath the cars, the copy read "An idea whose time has come and gone. Has come again."

While VW executives concede that sales of other models could be cannibalized by Fox, they hope that 85% of Fox sales will come from buyers who otherwise would not have bought a Volkswagen. It is also hoped that these buyers will eventually trade-up to higher-priced VW models, such as the $13,000 Jetta.

Despite several price increases because of the drop in the exchange rate and increased competition, sales of all VW models in 1986 declined only 0.4%, to 217,231 units. Late in 1986, company officials predicted 1987 calendar-year sales will jump to between 250,000—270,000 units. However, as a result of the slumping auto market, VW now projects sales of between 225,000 and 230,000 units for 1987.

VW's share of both the import and total U.S. car market by unit sales shows signs of slipping in 1987. During the first half of this year, the shares dropped to 5.5% and 1.9%, respectively, compared to 7.45% and 2% over the same period in 1986. Newcomer Hyundai by comparison held a 1.5% market share of U.S. unit car sales and ranked 10th behind 8th-place VW.

VW's effort to shed its single-car image, which market-watchers say is essential if the automaker is to successfully compete against higher-priced European imports, also continued through late 1986. Despite the emergence of the Fox, "We are not going to become the Fox car company as we were the Beetle car company," says William A. Gelgota Jr., VW manager-advertising.

The cover of a 12-page magazine spread drew on the famous VW "Think small" ad by using the VW logo and the line "If this makes you think small, think again." Subsequent spreads urged the reader to "think fast" for the Scirocco 16V; "think smart" for the Jetta; "think ahead" for the Golf; "think big" for the Vanagon minivan, and "don't think at all" for the Cabriolet convertible. "Now what do you think of Volkswagen?" posed the copy on the back page of the spread.

A series of 30-second TV spots that broke in October 1986 during NBC's World Series telecast echoed the same theme. In one spot for the racy 16-valve Scirocco, a disapproving mother tells her son, "Your father used to own a Volkswagen. It was a nice little car. This is not a nice little car."

Ads for 1987 models also attempted to establish a distinct identity for each car. Spreads for the Scirocc [illegible], the GTI 16V and the new Golf G [illegible]phasized the cars' speed and power. An ad for the Golf GL urged the reader to "Join the American Autobahn society" and stressed the model's durability. A spread for the Jetta compared its investment value to that of Mercedes and BMW.

Mr. Gelgota says ad campaigns for the 1988 model year, via DDB Needham, will focus on strengthening the VW brand name as a whole. This strategy, he says, is designed in part to boost the automaker's "niche products"—the Scirocco, Quantum, Cabriolet and Vanagon.

Network and spot TV accounted for roughly 55% of the measured national budget for 1986, jumping 42% and 23%, respectively. Magazine spending, representing almost 30% of measured spending, rose roughly 4%. Although VW's

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100 leading advertisers by primary business

			U.S. ad spending		U.S. sales		Adv. % U.S. sales		1986 worldwide figures		Return
Primary business	Rank	Advertiser	1986	1985	1986	1985	1986	1985	Sales	Earnings	on sales
AIRLINES	48	Allegis Corp.	$171,746	$145,000	N/A	N/A	N/A	N/A	$9,196,233	$11,600	0.1
	76	AMR Corp.	112,882	105,412	N/A	N/A	N/A	N/A	6,018,000	279,000	4.6
	83	Delta Air Lines	104,554	99,581	N/A	N/A	N/A	N/A	5,320,000	264,000	5.0
	60	Texas Air Corp.	132,287	64,073	N/A	N/A	N/A	N/A	4,406,897	237,378	5.4
AUTOMOTIVE	72	American Motors Corp.	116,222	125,668	N/A	N/A	N/A	N/A	3,500,000	(91,000)	(2.6)
	20	Chrysler Corp.	426,000	393,400	$20,489,000	$18,767,000	2.1	2.1	22,586,000	1,404,000	6.2
	6	Ford Motor Co.	648,500	614,726	50,034,000	43,526,000	1.3	1.4	62,716,000	3,285,000	5.2
	5	General Motors Corp.	839,000	779,000	91,343,000	89,099,000	0.9	0.9	102,814,000	2,945,000	2.9
	41	Honda Motor Co. Ltd.	205,082	156,475	N/A	N/A	N/A	N/A	18,747,000	546,000	2.9
	54	Mazda Motor Corp.	156,846	118,681	N/A	N/A	N/A	N/A	10,100,000	50,000	0.5
	47	Nissan Motor Co. Ltd.	180,136	162,566	N/A	N/A	N/A	N/A	23,675,000	332,000	1.4
	40	Toyota Motor Corp.	208,877	172,108	N/A	N/A	N/A	N/A	38,211,000	1,546,000	4.0
	56	Volkswagen AG	152,211	119,459	3,800,000	3,800,000	4.0	3.1	29,100,000	318,700	1.1
CHEMICALS & PETROLEUM	35	American Cyanamid Co.	248,460	266,086	2,535,500	2,489,100	9.8	10.7	3,815,900	202,500	5.3
	70	Dow Chemical Co.	119,508	105,040	5,165,000	5,153,000	2.3	2.0	11,113,000	732,000	6.6
	77	E.I. du Pont de Nemours & Co.	112,675	112,184	18,758,000	20,301,000	0.6	0.6	27,148,000	1,538,000	5.7
	50	Mobil Corp.	167,777	195,262	18,717,000	23,594,000	0.9	0.8	49,865,000	1,407,000	2.8
	96	Monsanto Co.	88,660	86,206	4,638,000	4,794,000	1.9	1.8	6,879,000	433,000	6.3
ELECTRONICS & OFFICE EQUIPMENT	34	Eastman Kodak Co.	255,586	247,300	8,959,000	8,717,000	2.9	2.8	11,550,000	374,000	3.2
	25	General Electric Co.	354,250	373,420	N/A	N/A	N/A	N/A	35,210,000	2,492,000	7.1
	94	Hewlett-Packard Co.	91,684	66,467	3,812,000	3,696,000	2.4	1.8	7,102,000	516,000	7.3
	31	International Business Machines	295,498	327,834	25,362,000	28,511,000	1.2	1.1	51,250,000	4,789,000	9.3
	33	Tandy Corp.	262,161	186,861	N/A	N/A	N/A	N/A	3,452,178	242,329	7.0
	92	Xerox Corp.	92,732	128,898	9,050,000	8,505,000	1.0	1.5	12,929,000	465,000	3.6
ENTERTAINMENT & MEDIA	46	CBS Inc.	184,837	183,483	4,145,100	3,961,600	4.5	4.6	4,753,700	375,100	7.9
	86	MCA Inc.	101,671	101,701	1,925,830	1,786,257	5.3	5.7	2,441,374	155,204	6.4
	44	Time Inc.	190,587	156,442	N/A	N/A	N/A	N/A	3,762,000	376,000	10.0
	38	Walt Disney Co.	219,138	140,020	N/A	N/A	N/A	N/A	2,470,900	247,300	10.0
	93	Warner Communications	92,150	119,172	N/A	N/A	N/A	N/A	2,848,324	185,795	6.5
FOOD	65	American Dairy Farmers	125,832	121,000	N/A	N/A	N/A	N/A	23,278,000	N/A	N/A
	13	BCI Holdings	535,852	612,111	5,809,000	5,925,000	9.2	10.3	8,926,000	(79,000)	(0.9)
	42	Campbell Soup Co.	204,233	215,695	3,557,000	3,344,700	5.7	6.4	4,378,714	223,225	5.1
	68	CPC International	121,956	122,422	1,680,000	1,765,000	7.3	6.9	4,549,000	219,000	4.8
	11	General Mills	551,561	447,270	N/A	N/A	N/A	N/A	5,189,000	220,000	4.2
	39	H.J. Heinz Co.	217,413	262,336	2,781,000	2,765,000	7.8	9.5	4,639,000	338,000	7.3
	51	IC Industries	165,199	179,237	3,770,800	3,599,700	4.4	5.0	4,222,400	(56,000)	(1.3)
	23	Kellogg Co.	374,142	364,299	2,269,000	2,075,000	16.5	17.6	3,341,000	319,000	9.5
	19	Kraft Inc.	437,952	479,726	6,278,300	5,819,300	7.0	8.2	8,742,000	390,000	4.5
	30	Nestle SA	305,451	319,254	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	16	Pillsbury Co.	494,877	477,095	5,510,000	5,374,000	9.0	8.9	6,128,000	182,000	3.0
	28	Quaker Oats Co.	309,239	269,445	N/A	N/A	N/A	N/A	4,420,000	244,000	5.5
	17	Ralston Purina Co.	478,031	520,902	N/A	N/A	N/A	N/A	5,514,600	388,700	7.0
	4	RJR Nabisco	935,036	996,395	15,978,000	12,557,000	5.9	7.9	15,975,000	1,064,000	6.7
	32	Sara Lee Corp.	271,623	285,814	7,795,800	6,702,400	3.5	4.3	9,155,000	267,100	2.9
GUM & CANDY	80	Hershey Foods Corp.	111,335	120,167	N/A	N/A	N/A	N/A	2,169,614	132,764	6.1
	27	Mars Inc.	312,607	275,656	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	90	Wm. Wrigley Jr. Co.	96,243	81,536	493,026	444,038	19.5	18.4	698,982	53,818	7.7
MISCELLANEOUS	45	American Express Co.	190,002	169,942	11,826,000	9,433,000	1.6	1.8	14,652,000	1,250,000	8.5
	52	Goodyear Tire & Rubber Co.	161,858	149,504	5,822,000	5,492,600	2.8	2.7	9,103,100	124,100	1.4
	84	Greyhound Corp.	103,396	102,723	N/A	N/A	N/A	N/A	3,088,000	186,000	6.0
	67	Hasbro Inc.	125,353	115,030	978,000	965,000	12.8	11.9	1,345,000	99,200	7.4
	29	U.S. Government	306,094	259,050	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PHARMACEUTICALS	22	American Home Products Corp.	395,718	402,052	3,682,000	3,637,000	10.7	11.1	4,927,000	779,000	15.8
	66	Bayer AG	125,720	108,000	4,200,000	4,000,000	3.0	2.7	18,769,000	620,000	3.3
	26	Bristol-Myers Co.	330,997	344,293	3,499,000	3,286,000	9.5	10.5	4,835,900	589,500	12.2
	21	Johnson & Johnson	410,672	401,217	3,970,000	3,990,000	10.3	10.1	7,002,900	329,500	4.7
	49	Pfizer Inc.	171,139	158,463	2,483,000	2,343,000	6.9	6.8	4,476,000	660,000	14.7
	43	Schering-Plough Corp.	203,359	171,468	1,416,000	1,257,000	14.4	13.6	2,399,000	398,000	16.6
	37	Sterling Drug	220,727	231,807	1,251,283	1,143,575	17.6	20.3	1,990,434	171,507	8.6
	12	Warner-Lambert Co.	548,726	469,345	1,700,000	1,600,000	32.3	29.3	3,100,000	309,484	10.0
RETAIL	98	Federated Department Stores	85,519	69,419	N/A	N/A	N/A	N/A	10,512,000	288,000	2.7
	15	J.C. Penney Co.	496,241	478,392	14,117,000	13,228,000	3.5	3.6	14,740,000	478,000	3.2
	9	K mart Corp.	590,350	567,000	N/A	N/A	N/A	N/A	23,812,000	582,000	2.4
	82	Kroger Co.	108,339	70,157	N/A	N/A	N/A	N/A	17,100,000	55,800	0.3
	99	May Department Stores	84,853	68,379	N/A	N/A	N/A	N/A	10,400,000	381,000	3.7
	3	Sears, Roebuck & Co.	1,004,708	800,000	N/A	N/A	N/A	N/A	44,281,000	1,351,000	3.1
	88	Zale Corp.	99,106	65,307	1,014,000	1,014,000	9.8	6.4	1,061,000	7,000	0.7
RESTAURANTS	8	McDonald's Corp.	592,000	550,000	3,077,000	2,864,000	19.2	19.2	4,240,000	480,000	11.3
	81	Wendy's International	110,001	115,000	N/A	N/A	N/A	N/A	1,140,000	(5,000)	(0.4)
SOAPS & CLEANERS	95	Clorox Co.	89,923	106,861	N/A	N/A	N/A	N/A	1,126,000	105,000	9.3
	36	Colgate-Palmolive Co.	237,867	250,133	2,286,007	2,169,988	10.4	11.5	4,984,576	177,465	3.6
	1	Procter & Gamble Co.	1,435,454	1,599,755	N/A	N/A	N/A	N/A	17,000,000	327,000	1.9
	59	S.C. Johnson & Son	144,617	146,173	N/A	N/A	N/A	N/A	2,000,000	N/A	N/A
	14	Unilever N.V.	517,746	491,834	4,842,000	4,250,000	10.7	11.6	23,368,000	982,000	4.2
SOFT DRINKS	24	Coca-Cola Co.	370,379	393,560	4,650,000	4,216,600	8.0	9.3	8,668,600	934,300	10.8
	10	PepsiCo Inc.	581,309	558,311	8,065,000	6,701,500	7.2	8.3	9,290,800	457,800	4.9
TELEPHONE	18	American Telephone & Telegraph	439,919	521,318	N/A	N/A	N/A	N/A	34,087,000	139,000	0.4
	75	Bell Atlantic Corp.	114,517	70,067	N/A	N/A	N/A	N/A	9,920,800	1,167,100	11.8
	100	BellSouth Corp.	82,743	70,604	N/A	N/A	N/A	N/A	11,444,100	1,588,700	13.9
	74	GTE Corp.	115,340	106,075	N/A	N/A	N/A	N/A	15,112,000	1,184,000	7.8
	64	ITT Corp.	126,344	149,000	13,257,000	11,160,000	1.0	1.3	17,437,000	493,720	2.8
	78	Nynex Corp.	112,209	50,629	N/A	N/A	N/A	N/A	11,340,000	1,215,300	10.7
	97	Pacific Telesis Group	87,851	62,079	N/A	N/A	N/A	N/A	8,977,300	1,079,400	12.0
	85	US Sprint Communications Co.	102,467	54,503	N/A	N/A	N/A	N/A	2,132,000	N/A	N/A
TOBACCO	53	American Brands	158,982	160,237	3,322,800	3,150,000	4.8	5.1	8,469,641	365,304	4.3
	87	B.A.T Industries	100,059	172,430	5,499,000	5,087,000	1.8	3.4	5,499,000	394,000	7.2
	55	Grand Metropolitan PLC	152,919	160,133	2,372,000	2,778,000	6.4	5.8	7,766,570	715,406	9.2
	58	Loews Corp.	146,447	156,952	N/A	N/A	N/A	N/A	8,626,000	546,000	6.3
	2	Philip Morris Cos.	1,364,472	1,358,571	17,568,000	11,496,000	7.8	11.8	25,409,000	1,478,000	5.8
TOILETRIES & COSMETICS	73	Beecham Group PLC	115,877	186,505	903,000	869,400	12.8	21.5	3,341,600	709,700	21.2
	69	Cosmair Inc.	120,410	122,149	N/A	N/A	N/A	N/A	725,000	N/A	N/A
	62	Gillette Co.	129,574	161,000	1,100,900	1,025,000	11.8	15.7	2,818,300	15,800	0.6
	79	Noxell Corp.	112,110	106,795	377,152	327,152	29.7	32.6	438,784	37,101	8.5
	57	Revlon Group	149,225	178,910	N/A	N/A	N/A	N/A	2,600,000	N/A	N/A
WINE, BEER & LIQUOR	61	Adolph Coors Co.	130,609	105,069	N/A	N/A	N/A	N/A	1,314,000	59,400	4.5
	7	Anheuser-Busch Cos.	643,522	523,901	N/A	N/A	N/A	N/A	8,402,000	518,000	6.2
	89	Brown-Forman Corp.	98,921	94,260	N/A	N/A	N/A	N/A	1,404,000	90,000	6.4
	71	E&J Gallo Winery	116,716	62,826	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	91	Seagram Co. Ltd.	94,932	109,433	1,778,000	1,739,000	5.3	6.3	3,345,820	423,458	12.7
	63	Stroh Brewery Co.	128,690	113,000	N/A	N/A	N/A	N/A	1,499,000	N/A	N/A

Sources: Sales and earnings figures are from public documents and reflect the latest fiscal year. Advertising expenditures are for calendar years only and are Advertising Age estimates.
Note: Dollars are in thousands.

marketing plans for 1988 are still under wraps. Mr. Gelgota says there will be some major shifts in media usage.

Under the new Tactical Marketing Association program, VW began matching dealer ad group contributions dollar for dollar. Previously, it was up to dealer associations to initiate requests for matching funding on a program-by-program basis. As a result, co-op ad funds available to its dealers in the 1987 model year were expected to at least double. It is estimated that co-op spending in 1987 will come to $25 million.

After years of consideration, VW began assembling Jettas at its Westmoreland, Pa., plant in October 1986. The Jetta, VW's most popular U.S. model, joins the Golf and the derivative GTI as the only cars assembled at VW's sole U.S. plant. Although the move was spurred by high-demand for the Jetta, overall production dropped 13.2% due to slumping Golf sales. VW also closed its only stamping plant in South Charleston, W. Va., and now receives the majority of its stampings from Volkswagen de Mexico.

For Audi of America, a division of Volkswagen of America, hopes for a strong 1986 were shattered when driver complaints about alleged incidents of unintended acceleration with the 5000-S model became widespread.

After selling a record-breaking 74,061 units in 1985, overall 1986 sales dropped 19%. Market-watchers predicted the slide would continue into 1987. Throughout the controversy, Audi denied there was a mechanical defect and did little to make amends with the buying public. Mounting pressure from the National Highway Transportation Safety Administration and consumer groups led the company in January 1987 to recall 250,000 of the cars produced between 1978 and 1986 to install a device designed to prevent a shift from "park" to either "drive" or "reverse" unless the driver's foot was pressing on the brake.

This past spring, backed by an $80 million marketing program, Audi began taking steps to rebuild its tarnished image and restore the public's faith in its product. The effort included a program that offered 150,000 owners of 1984-86 5000s a $5,000 rebate towards the lease or purchase of a 1987 5000 and factory-to-dealer cash incentives, ranging from $500 to $2,500, on 1987 Audi 4000s.

In July, Audi kicked off a six-month, $30 million media campaign that will include a series of radio, TV and print ads stressing the same theme: "They say the car you drive says a lot about you. We think the kind of people who drive our cars says a lot about Audi." The ads feature consumers and well-known personalities discussing their personal experiences as Audi owners.

Audi's efforts appear to have paid off through the first half of 1987. During the first three months of the year, sales totaled 6,533 units. Over the next three months, which corresponded with the rebate program, sales almost tripled to 18,354 units. In addition, Audi executives predict the company can maintain sales of 5,000 units a month once the 1988 models are introduced.

Meanwhile, the company announced that following a facelift, successor cars to the 5000s series will be introduced as the Audi 100 and Audi 200 in an effort to internationalize model names. The 1988 versions of the 4000 will be introduced as the Audi 80 and Audi 90.

Observers say the public perception crisis that plagued Audi has had little effect on Volkswagen of America because most car buyers are unaware of the relationship between the two companies.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	15,914	10,966
Magazines	37,265	32,840
Newsp. supp	423	608
Bus. pubs	208	270
Network TV	49,418	34,892
Spot TV	19,238	15,604
Spot radio	1,576	1,957
Outdoor	75	296
Network cable	833	629
Total measured	124,950	98,063
Unmeasured	27,261	21,395
Total	152,211	119,459

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Bruce Butzier, mgr-Audi adv
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Gary Grabowski, Volkswagen dealer adv mgr
George Pizzo, Audi creative adv mgr
Tom Johnson, Audi media mgr

Advertising Agency

DDB Needham Worldwide, Troy, Mich.—Brian Bowler, president; Christian Von Glasow, sr vp-mgmt super, Audi; Bonnie Folster, sr vp-creative dir; Ken Campbell, vp-planning mgr, VW; Don Ward, vp-mgmt super, VW; Charlie Zollo, vp-acct super, VW (NY); Steve Swanson, acct super, VW; Cathy Lynch, acct super, VW (NY); Frank Couzens III, acct super, VW; Tim Byer, acct super, Audi; John Callahan, sr acct exec, VW; Paul Basil, acct exec, Audi; Robyn Reihm, Russell Chick, acct execs, VW; Scott Schofding, acct exec, Audi.

RANK

Warner Communications 93

New York

($ in millions)

Worldwide	1986	1985	% chg
Sales	2,848	2,235	27.4
Net income	186	195	(4.9)
U.S. advertising	92	119	(22.7)
Division sales	**1986**	**1985**	**% chg**
Film	1,251	1,201	4.2
Recorded nusic	1,139	912	24.9
Warner Cable	N/A	N/A	N/A
Publishing	133	122	9.0

Decreased spending on movies and the sale of one of the company's biggest advertised businesses—MTV Networks—cut overall advertising at Warner Communications by 25.8% in 1986.

Warner, however, continued to show strong growth, reporting record profits in three of its largest media spending businesses: filmed entertainment, recorded music and cable.

Encouraged by its positive financial picture, Warner went on a shopping spree buying an interest in Cable Value Network, the large cable home shopping service in the U.S. WCI also received warrants to purchase up to 1.18 million common shares of C.O.M.B., a leading marketer of off-price consumer products and founder of CVN.

WCI rescued the Cannon Group, from bankruptcy, reaching an agreement with the film producer to purchase convertible preferred stock of Cannon and secured notes of certain Cannon subsidiaries for an aggregate price of $50 million in cash. Warner also got North American distribution rights to 21 films.

The company acquired a 50% interest in Gulf & Western's domestic motion picture theatre operation, consisting of 472 screens around the country. Warner Bros. agreed to license to HBO the pay TV rights to all of its motion picture releases over the next five years. That could add about 50¢ a share to Warner's earnings on an annual basis.

Absent from the Warner measured media totals of $34.1 million, down 30.5% from 1985, was MTV Networks. Warner spent $5 million advertising the network in 1985, according to BAR/LNA. MTV along with Showtime/The Movie Channel were sold in 1986 to Viacom Inc., which had owned one-third of the cable TV network.

During 1986, Warner's filmed entertainment division reported operating income of $172.2 million, up 7.5%, on a growth of 4.2% in sales. To promote its films, Warner spent $25.5 million in measured media—most heavily in network and spot TV—down 30% from 1985. For example, this compared to MCA Inc's. Universal Pictures which spent $38 million on 12 films, down 9.5% from 1985.

Warner's domestic box office revenues reflected the film industry's renewed growth. The company has 16% of the gross box-office receipts, No. 2 to Paramount's 23% share. "The Color Purple" was Warner Bros. most successful film of 1986. The film, which received 11 Academy Award nominations, generated more than $95 million in domestic box-office sales during the year.

Other Warner Bros. pictures generating more than $40 million in 1986 included "Cobra," starring Sylvester Stallone; Clint Eastwood's "Heartbreak Ridge;" and "Police Academy 3: Back in Training." Early second quarter results from Stanley Kubrick's "Full Metal Jacket" are encouraging.

As part of its filmed entertainment division, Warner Home Video, increased revenues by more than 35%. Sales should continue to climb in 1987 with inclusion of North American home video rights to 21 Cannon films.

Warner's recorded music division revenues grew 25% as operating income climbed 33.6% to $150.6 million. Big sales contributors were Madonna, Paul Simon and David Lee Roth.

Atlantic Records continued to grow with sales from superstar Phil Collins whose 1985 release "No Jacket Required" sold an additional two million units worldwide in 1986, for a two-year total of almost nine million units. Anita Baker's first major label recording "Rapture" was Elektra/Asylum/Nonesuch's most successful 1986 release.

Warner's publishing division, consisting of Warner Books, DC Comics, *Mad* magazine and Warner Publishing Services had a 9% growth in revenues although operating income declined 17.5% to $11.3 million as weak newsstand sales continued to hurt DC Comics and Warner Publishing Services.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	3,150	1,910
Magazines	1,194	1,523
Newsp. supp	7	52
Bus. pubs	0	40
Network TV	11,599	21,044
Spot TV	12,326	14,282
Network radio	368	185
Spot radio	1,812	505
Outdoor	454	152
Network cable	3,215	4,440
Total measured	34,126	44,133
Unmeasured	58,024	75,039
Total	92,150	119,172

WARNER COMMUNICATIONS
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WARNER BROS. DOMESTIC PAY-TV & NETWORK FEATURE FILM SALES
Burbank, Calif.

Marketing Personnel

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WARNER BROS. TELEVISION DISTRIBUTION
Burbank, Calif.

Marketing Personnel

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Advertising Agency

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WARNER HOME VIDEO
Burbank, Calif.

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LICENSING CO.OF AMERICA

Corporate Personnel

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WARNER BROS. RECORDS
Burbank, Calif.

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ATLANTIC RECORDS
New York

Corporate Personnel

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Sylvia Rhone, dir, genl mgr-merch

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Source: Information Development Institute, 1986
*Of banks and companies listed on the Tokyo Stock Exchange.

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Kenny Hamlin, vp-sales
David Bither, vp-intl
Robin Sloane, vp-video production

WEA CORP.
Burbank, Calif.
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Fran Allberte, vp-natl sales, audio
Skid Weiss, natl dir-comm
Ornetta Barber, dir-mktg, black music
Cory Connery, natl WEA video prods mgr
Robert Moering, natl dir-mktg
Jody Raithel, dir-prod devel
Clare Conlin, natl adv dir

Advertising Agency

WEA Advertising—Skid Weiss, Clare Conlin.

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Tony Pipitone, exec vp-treasurer

WARNER BOOKS
New York
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Nansey Neiman, vp-publisher
Jerry Butler, vp-genl mgr

Marketing Personnel

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Marcy Goot, natl trade sales dir
Ernie Petrillo, distribution sales mgr

Advertising Agency

Publishers Advertising Associates—Leslie Schnurr, dir-adv & promo.

WARNER PUBLISHER SERVICES
New York
Corporate Personnel

Franklyn "Lee" Rodgers, president
Bob Matthiessen, exec vp-circulation
Charlie Raab, exec vp-book div

Marketing Personnel

Pat Flaherty, vp-mktg svcs
Ron Sklon, vp-field operations
George Fisher, vp, dir-sales, book div
Mariann Donato, dir-client relations

DC COMICS
New York
Corporate Personnel

Jeanette Kahn, president-publisher
Paul Levitz, exec vp

Marketing Personnel

Bruce Bristow, mktg dir
Bernie Slotnik, print adv rep

MAD MAGAZINE
New York
Marketing Personnel

William Gaines, president

Warner-Lambert Co.

RANK
12

Morris Plains, N.J.

($ in millions)

Worldwide	1986	1985	% chg
Sales	3,103	3,200	197.8
Net income	309	(316)	(198.1)
U.S.	**1986**	**1985**	**% chg**
Sales	1,747	1,962	(11.0)
Operating profits	531	(94)	664.9
Advertising	549	469	16.9
Division sales	**1986**	**1985**	**% chg**
Health care	2,041	2,240	(8.9)
Gum & mints	678	626	8.3
Other products	384	334	15.0

Despite a year of declining sales and earnings, Warner-Lambert continued heavy support of its healthcare and gum and mint lines and strong new product development as advertising grew 16.9% to $549 million in the U.S.

W-L, which reports spending $693 million worldwide on advertising in 1986, up 10%, attributes 35% of its sales in 1986 or nearly $1 billion to non-prescription products subsegment of its healthcare division. Ethical products is the other subsegment. Together, they accounted for 64.5% of worldwide sales.

In this over-the-counter subsegment there is heavy new product movement. Benadryl anti-allergy medicine passed Schering-Plough's Chlor-Trimeton to become the No. 1 allergy medication. W-L transferred Benadryl from prescription to over-the-counter sale in 1985. In 1986, supported by heavy media spending of $11.9 million, up from introductory levels of $3.5 million in 1985, sales of Benadryl hit $60 million, up 47% from 1985. Benadryl is presented for cross-use in the colds category in print, TV and radio.

Sinutab, W-L's sinus remedy, broke new ground in 1986 with Sinutab Nighttime, a bedtime sinus formula without alcohol or sugar. Aided by this new entry, sales for the full Sinutab line increased 14% to $48 million. Media spending, however, declined 5% to $7.8 million for the line, according to BAR/LNA.

In what could be the next wave of health supplements, W-L's Parke-Davis division introduced Promega, a dietary supplement containing natural fish oil—a nutrient credited with lowering cholesterol levels. W-L is estimated to be spending $10 million to advertise the new entry, which competes with Squibb Corp., Carter-Wallace and Thompson Medical Co. A line extension, Promega Pearls, was introduced in June 1987.

W-L also introduced calcium-rich cherry flavored Rolaids. The Rolaids line had sales of $83 million in 1986, up 2%. Media spending grew 16.8% to $13.9 million, mostly in network TV.

The company has in test Concentrin, a liquid cough syrup that is supported with an in-store cough symptom analyzer that allows customers to pick the cough "additive" to supplement the product's suppressant qualities, whether it be nasal decongestant or expectorant. The company is preparing to launch Suplical D, a chewy calcium supplement flavored with vanilla.

Halls cough tablets, W-L's largest selling product that claims about 50% of the market, had sales of $215 million, a 9% increase over 1985. Media spending dropped 15% to $6.7 million.

Warner-Lambert's Listerine continued to lead the $600 million U.S. mouthwash market with a 28.5% share, although it currently faces heavy competition from No. 2 Procter & Gamble's Scope (26% share) which introduced Peppermint Scope nationally in early 1987. Media support for Listerine's was $24.6 million, up slightly.

Worldwide sales of gums and mints increased 8% in 1986. In the U.S., sales went up 3% despite a sluggish market. W-L's leading gum Trident sugarless, held its No. 1 position with sales of $151 million, up 12% from 1985. Trident was supported by a new advertising campaign which claims that chewing Trident helps fight dental decay. Trident built back its media spending in 1986 with an expenditure of $19.2 million, up 23.9% from 1985, a year in which advertising had dropped 12%.

Ad spending on Sticklets gum, billed in advertising as "Skinny Sticklets . . . Fat with Flavor," in the year after its introduction grew to $10 million, up 19%.

The other products division consisting of Schick razors and blades and empty hard gelatin capsules had overall sales growth of 15% although a decline of 4% in U.S. sales as the market softened for permanent blades and tampering incidents cut into the sale of OTC capsule products.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	850	1,150
Magazines	14,499	13,585
Newsp. supp.	977	1,175
Bus. pubs.	3,405	3,003
Network TV	103,069	83,352
Spot TV	38,725	39,287
Network radio	22,707	16,268
Spot radio	1,826	992
Outdoor	1	9
Network cable	3,686	3,474
Total measured	189,745	162,295
Unmeasured	358,982	307,049
Total	548,726	469,345

WARNER-LAMBERT CO.
201 Tabor Rd.
Morris Plains, N.J. 07950
(201) 540-2000
Corporate Personnel

Joseph D. Williams, chmn-ceo
Melvin R. Goodes, president-coo
Robert J. Dircks, sr vp-cfo
Donald E. O'Neill, exec vp, president intl operations

AMERICAN CHICLE GROUP
Corporate Personnel

John Walsh, president

Marketing Personnel

Robert A. Clouston, vp-prod mgmt
Theodore G. Schable, vp-sales

CONSUMER HEALTH PRODUCTS GROUP
Corporate Personnel

Raymond P. LeFebvre, president

Marketing Personnel

S. Morgan Morton, vp-prod mgmt
J.W. Masse, vp-sales

Advertising Agencies

Thomas G. Ferguson Associates, Parsippany, N.J.

Sudler & Hennessey Consumer Group, New York—Benylin, Benadryl/capsules & elixir, Benadryl/cream & spray, Tucks, Caladryl, Myadec—Arthur M. Rosen, exec vp-mng dir; Greg Weed, sr vp-acct super; Lisa Blumenstein, vp-acct super.

J. Walter Thompson USA, New York—Anusol, Chewels, Clorets, Listerine antiseptic, Listermint, e.p.t., Halls cough tablets, Sinutab, Lubriderm, Schick shaving products, Personal Touch women's razors, Trident and Bubblicious gum—Jack Morrissey, sr vp-mgmt dir; Gerard Dufour, sr vp-acct dir; Dolly Bodick, vp-sr acct super; Hilary Meserole, vp-acct super; Adele Finaly, vp-acct dir.

Young & Rubicam, New York—Certs, Dentyne, Efferdent, Mediquell, Remegel, Rolaids—William Thompson, exec vp-group dir; Arlene Bricknew, sr vp-mgmt super.

PARKE-DAVIS GROUP
Corporate Personnel

Sam J. Maugeri, president

Marketing Personnel

J.T. Roberts, vp-sales
Harry F. Oberkfell, vp-mktg
Wayne L. Dickerson, group prod dir
Robert A. Anderson, group prod dir
M.A. Hoffman, group prod dir

Advertising Agencies

William Bologna Intl, New York—Tim McCann, exec vp-genl mgr; Joseph Garamella, creative dir; Jack Timko, vp-acct super.

Sudler & Hennessey (medical group), New York—Donald Masterson, exec vp-mgmt super; John Rinaldi, Joseph Laborsky, sr vps-acct supers; Paul Nalbandian, Richard Hulbert, Pam Goodman, acct supers.

WARNER CHILCOTT LABORATORIES
Corporate Personnel

Kenneth N. Larsen, president

Marketing Personnel

A. Dominick Musacchio, dir-mktg

Advertising Agency

Sudler & Hennessey (medical group), New York—Donald Masterson, exec vp-mgmt super; Richard Hulbert, acct exec; Carol Gorden, media super.

Wendy's International

RANK
81

Dublin, Ohio

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,140	1,126	1.2
Net income	(5)	76	(106.6)
U.S. advertising	110	115	(4.3)
Division sales	**1986**	**1985**	**% chg**
Retail sales	1,037	1,032	0.5
Royalties	66	68	(2.9)
Other	37	26	42.3

Wendy's International in 1986 found itself squeezed by two tough forces: the formidable task of returning sales to the high levels achieved during the heyday of the "Where's the beef?" campaign in 1984-85 and the difficulty of doing so in the midst of a general slump in the fast-food market.

The result has been a number of significant changes made in Wendy's top management, in its operations and in its marketing strategies. But as its top executives have cautioned impatient stockholders and uneasy franchise operators, the turnaround will take longer to achieve than did the meteoric rise in sales three years ago.

Systemwide (company and franchised-stores) sales for Wendy's rose 2% to $2.75 billion in 1986. Company revenues were up 1% to $1.14 billion, but the company reported a net loss for the year of $4.9 million compared with a net gain of $76.2 million in 1985.

A continuing problem has been the erosion of average per-store sales. That systemwide average was $767,000 in 1986 (the average for company-owned stores was a bit higher: $783,000) down 9.6% from 1985's $848,000 and off 11% from the 1984 high of $861,000.

Since marketing and advertising programs are funded largely by operator contributions, Wendy's media spending decreased in 1986. Total measured spending was $83.7 million, down 5% from the previous year.

Ad spending in all media except cable TV showed varying degrees of decrease. Network TV spending was down 6%; spot TV 3%; spot radio 16%; outdoor 27%. Only cable TV expenditures increased to $587,000, up 44%.

In order to regain the sales momentum Wendy's experienced in the early 1980s, the company has made changes in its menu, advertising, personnel and management structure.

One menu change that did not produce the hoped-for sales improvement was Wendy's breakfast program. In an effort to differentiate its morning meal from that of other restaurant chains, Wendy's offered made-to-order omelets and toast-based sandwiches (rather than English muffins or biscuits).

The made-to-order system may have been a quality improvement but proved an operational detriment that slowed service. Breakfast was made an optional menu segment for operators, and many franchisees dropped it. Wendy's since has been testing different breakfast possibilities, including biscuit sandwiches.

Faring better have been Crispy Chicken Nuggets and the Big Classic. Wendy's introduced its chicken nugget variation in June 1986, backing the rollout with an advertising campaign from Lockhart & Pettus, New York, its black-consumer agency.

The Big Classic, introduced in September 1986, is less a new product than an attempt at changing consumers' perceptions. Like Wendy's Single hamburger, the Big Classic is a quarter-pound hamburger patty dressed with lettuce and tomato. The major difference is that it is served on a "corn-dusted kaiser roll" rather than a bun. But its primary purpose was to refute consumers' misperception that McDonald's Quarter Pounder and Big Mac and Burger King's Whopper are bigger sandwiches and bigger values than Wendy's hamburgers.

Wendy's has been thinking small as well as big. In 1987 it began testing small, inexpensive hamburgers (i.e. smaller than the Single), comparable to those served by competitors. Again the aim was to change consumers' perceptions of Wendy's, this time fighting the notion that Wendy's is more expensive than competitors.

That product was rolled into several company-store markets and is expected to be available nationally by early 1987.

But perhaps the most significant menu change was the decision in October to switch its fountain allegiance to Coca-Cola from Pepsi. The move came shortly after PepsiCo acquired Kentucky Fried Chicken Corp., Louisville, from RJR Nabisco.

The addition of the No. 1 fried chicken chain gave PepsiCo three major restaurant-chain holdings (with Taco Bell and Pizza Hut), and, as Wendy's Chairman Robert Barney explained in a full-page ad in the *Wall Street Journal*, made PepsiCo a "major restaurant competitor."

To bolster local marketing programs, Wendy's and its operator co-ops systematically have reviewed most of the local agency relationships and moved accounts in many instances over the past year.

But national advertising has been a problem as well. Rebecca Barfield, analyst at First Boston, New York, told investors that Wendy's "underperformance is due to lower advertising budgets than its competitors, lack of advertising focus and no clearly defined image."

Wendy's sales slide had put it on the defensive, resulting in a wide variety of advertising messages to support its menu changes. Those messages came from national agency of record DFS Dorland, New York (now Saatchi & Saatchi DFS Compton), black-consumer agency Lockhart & Pettus and sales-promotion agency Impact, Chicago (which produced TV creative for Wendy's more aggressive children's meal programs).

In October 1986, three days after reporting a third-quarter loss of $47 million and plans to dispose of 164 unprofitable stores, Wendy's abruptly—and without a formal review of alternative agencies—announced that DFS had been dropped. Creative responsibility for its $50 million national account was returned to Dick Rich, the New York-based creative guru who had developed the "Hot 'n Juicy" campaign in the 1970s.

That change proved to be unpopular with franchise operators and was short-lived. The one campaign Mr. Rich created for Wendy's was an unusual series of commercials themed "Give a little nibble." Featuring a variety of people grabbing chunks of meat from a huge, suspended hamburger, the spots failed to provide the immediate sales boost that had been promised and further alienated Wendy's franchise community.

In May 1987, Exec VP William Welter resigned from the company. His successor, former DFS exec Charles Rath, immediately began looking for yet another creative direction.

It took barely a month for the new Wendy's marketing team to award the national account to Backer & Spielvogel, New York (now Backer Spielvogel Bates).

In August 1986, James Near was named president of the company. A former Wendy's operator who had been serving as president of Wendy's Sisters Chicken & Biscuits unit, Mr. Near succeeded Ronald Fay, who retired as Wendy's president and chief operating officer.

Following the resignation of Executive VP-Company Operations Richard Postle to become a franchise operator, Wendy's revamped its operational structure to give regional management a greater ability to closely monitor and improve the operation of stores in their areas.

As part of its resolve to refocus attention on improving service and sales at its domestic Wendy's stores, the company in 1987 sold its Sisters International unit to its Cleveland-based franchisee, SIS Corp. Most international Wendy's operations, with the exception of Canada (where the company acquired the franchise-holder), have been sold, and further overseas expansion is on hold.

Another result of Wendy's sales slide was a concurrent decrease in the price of its stock, leading to rumors that the company is vulnerable to acquisition. Anheuser-Busch and Coca-Cola have been most often named as suitors, with the possibility of a takeover by a U.K. company also raised occasionally. But Wendy's management continues to work to achieve a change in its fortunes rather than a change in ownership.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	560	762
Network TV	41,668	44,274
Spot TV	39,190	40,442
Spot radio	391	465
Outdoor	1,305	1,798
Network cable	587	408
Total measured	83,701	88,150
Unmeasured	26,300	26,850
Total	110,001	115,000

WENDY'S INTERNATIONAL
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Marketing Personnel

Charles Rath, exec vp-mktg
Bruce M. Ley, vp-corp mktg
Donald F. Calhoon, vp-field mktg
Michael Sapienza, vp-mktg analysis, new prods
Dennis Lynch, vp-corp comm
Eric Ibsen, dir-adv
Richard Wayne, dir-sales promo
Thomas Heskamp, dir-community mktg
Judy Donovan, mgr—WNAP
Julie Skoulis, mgr-adv

Advertising Agencies

Backer Spielvogel Bates, New York—Randolph C. Lindell, sr vp-dir acct svcs.

Impact, Chicago—sales promo—Tom Smart, acct dir.

Lockhart & Pettus, New York—black consumer adv—Keith Lockhart, president; Ronn D. Harris, sr vp, dir-client svcs; Howard Mason, acct exec.

Mendoza, Dillon & Asociados, Newport Beach, Cal.—Hispanic consumer adv—Richard Dillon, president; Eduardo del Rivero, acct exec.

Wm. Wrigley Jr. Co.

RANK
90

Chicago

($ in millions)

Worldwide	1986	1985	% chg
Sales	699	620	12.7
Net income	54	43	23.7
U.S.	**1986**	**1985**	**% chg**
Sales	493	444	11.0
Operating profits	72	59	23.5
Advertising	96	82	18.0

Despite its conservative persona, William Wrigley Jr. Co. this year surprised the $2.5 billion gum industry by introducing a five-stick pack of gum for 25¢. The intro, the company's first since it introduced Extra Sugar Free gum in 1984, marked a turning point for the company that usually takes its cues from the competition.

The competition, which includes Warner-Lambert's American Chicle Group, in 1986 concentrated on marketing 15 and 17-stick packs of gum to die-hard gum fans. Wrigley's strategy was to instead attract the occasional gum chewer or to tempt non-chewers to try its gum without having to make a bigger investment. The move certainly couldn't hurt. Sales for sugared varieties of gum have declined 40% since 1980.

Wrigley, whose measured advertising rose a dramatic 19% in 1986 over the prior year, will advertise its new five-stick pack with a trailer at the end of its established brands' TV commercials, which virtually remain the same. The five-stick pack, dropped by Wrigley in 1972 when it introduced the seven-stick pack, will be offered in Spearmint, Doublemint, Juicy Fruit and Big Red. Consumers will pay the same price per stick of gum with the reduced pack. The seven-stick pack usually retails for 35¢.

Wrigley continued its "Double your pleasure" campaign for Doublemint; ads were updated most recently in 1984 to feature twin women dressed in green. Doublemint remains the world's No. 1 sugared gum brand with an estimated 15% of the market. In 1986, Doublemint received about as much advertising support as Spearmint, which had always been the company's most advertised brand. Wrigley in 1986 spent $23.3 million on Doublemint, up 49% from 1985, and $23.1 million on Spearmint brands, up 7.4%.

Wrigley Spearmint Gum's overall ad budget is up 16% from last year. While the company continues to use the "Get a little lift" theme introduced in 1985, commercials in 1987 featured Dennis Conner, the skipper of the Star's & Stripes yacht that won the America's Cup. The commercial is not expected to be carried over into 1988.

There were no changes in the Juicy Fruit campaign, themed "The taste that's gonna move ya," which was launched in 1983. In 1986, measured media spending for this brand grew 7.4% to $11.6 million.

Big Red cinnamon-flavored gum posted its sixth straight year of volume gain. Its growth rate surpasses that of any of Wrigley's big three brands. Spending for the Big Red campaign, themed "Long lasting breath freshness," remained at $7.5 million in 1986, down 2.6% from 1985.

Freedent is the only Wrigley brand so far in 1987 to get a new ad campaign. While the brand's selling point continues to be that it doesn't stick to most dental work, commercials now stress the brand's ability to freshen breath and moisten mouths. In 1986, Wrigley cut Freedent's ad budget 35% to $2.6 million, keeping the theme "The one that takes the stick out of gum."

In 1986, Wrigley again spent less than $2 million on measured media spending through DDB Needham Worldwide, Chicago, which handles Wrigley's faltering Hubba Bubba bubble gum and brands marketed by its Amurol Products Co. division. Trying to stimulate Hubba Bubba sales, Wrigley introduced a cola-flavored line extension in 1986 in test markets in the South.

Big League Chew was the only Amurol brand to receive significant ad support in 1986. Ad spending was approximately $1 million, compared to $670,000 the year before.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	4,147	2,370
Bus. pubs	34	161
Network TV	52,759	47,914
Spot TV	22,527	19,365
Network radio	2,578	1,274
Spot radio	462	55
Network cable	5,677	3,628
Total measured	88,183	74,708
Unmeasured	8,060	6,828
Total	96,243	81,536

WM. WRIGLEY JR. CO.
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Chicago, Ill. 60611
(312) 644-2121

Corporate Personnel

William Wrigley, president-ceo

Marketing Personnel

Douglas S. Barrie, group vp-intl
Gary Bebee, mktg dir
Steve Berkheimer, art dir
Ronald O. Cox, group vp-mktg
R. Darrell Ewers, exec vp
A. Cipollina, vp-sales
N. Hoegh-Guldberg, mktg dir
Susan Sherry, mktg mgr

Advertising Agencies

BBDO, Chicago—Eric Harkna, president; Bonnie Pool, vp-acct super, Doublemint & Extra; Jay Tolnar, vp-acct super, Spearmint & Freedent; Jill Brown, acct super, Juicy Fruit & Big Red.

DDB Needham Worldwide, Chicago—Hubba Bubba, Amurol Products' Big League Chew—Raymond Gillette, group acct dir; Bruce Delahorne, acct super.

ITT builds a giant

With the merger of telecommunications operations of ITT Corp. and Compagnie Generale d'Electricite of France into newly formed Alcatel N.V., the new joint venture is probably the largest telecommunications manufacturing company in the world with $12 billion in annual revenues.

RANK
92

Xerox Corp.

Stamford, Conn.

($ in millions)

Worldwide	**1986**	**1985**	**% chg**
Sales	12,929	11,680	10.7
Net income	465	475	(2.1)
U.S.	**1986**	**1985**	**% chg**
Sales	9,050	8,505	6.4
Operating profits	315	227	38.8
Advertising	93	129	(28.1)
Division sales	**1986**	**1985**	**% chg**
Reprographics	6,963	6,592	5.6
Infor. systems	2,392	2,084	14.8
Financial services	3,367	2,786	20.9
Financial	324	299	8.4

Despite finding the market sluggish for its office products, Xerox Corp. continued to emphasize the marketing of this area of its business in 1986 and 1987 by pushing desktop publishing and copiers, although it stopped marketing personal computers.

Xerox, which is getting much better results from its financial service sector than office equipment, continues to support its office products with heavy advertising—including more than $10 million for a new corporate campaign that broke on network TV this July.

Xerox reported in its 10-K spending $194 million worldwide last year on advertising, up almost 10% from 1985. Of the total, Xerox indicates it spent $127 million in the U.S., up 3.4%. Xerox says these figures represent all costs of advertising, including such indirect costs as support of a department and developing, printing, mailing and distributing sales brochures and other marketing material. AD AGE estimates Xerox spent $43.4 million in measured media advertising in the U.S. and an additional $49.3 million in unmeasured advertising. The total of $92.7 million was off 28% from 1985 estimated expenditures.

The major reason for the decline in measured spending was lack of a corporate campaign in 1986. In the prior year period, Xerox spent $21.6 million on corporate advertising. The hiatus also occurred at a time Xerox was switching from DDB Needham, New York, to Ted Bates Advertising (now Backer Spielvogel Bates), New York.

The new TV and print campaign, bearing the theme line, "We document the world," uses the company's products to emphasize document processing.

For 1986, the BAR/LNA multi-media service pegged Xerox seven-media spending at $33.3 million, down 22.2% from 1985. Network TV received $20.3 million of the 1986 total, and magazines got $12.4 million.

Xerox spent the most—$11.6 million—on electronic typewriters, according to BAR/LNA. It spent more than $6 million each on copiers and desktop publishing. The company spent only $2.1 million on copiers in 1985 and only launched its desktop publishing system in 1986.

During 1986, Xerox introduced in January the Xerox Documenter, a desktop publishing system that combines Xerox 6085 workstation and Xerox 4045 Laser CP. In September 1986 it brought out its Ventura Publisher Edition series—a page composition software for PC users, and added eight new features to the system in March 1987. Xerox abandoned its faltering personal computer business in 1987, and will sell PCs only as part of its desktop publishing system. Analysts say profit margins on the personal computers have been little to none.

Other new products introduced include a facsimile terminal that uses copier paper and can store documents in memory for later transmission, and a scanner that allows input of both text and graphics into PCs.

Xerox, which has a 20% share of the electronic typewriter market, in early 1987 reached an agreement with Brother Industries Ltd., the Japanese marketer of typewriters primarily for small-business and home (Xerox is basically a high-end marketer), to make and sell several electronic typewriters designed by Brother. Brother in turn will receive rights to sell daisy-wheel printers designed and made by Xerox.

During 1986, returns from Xerox's office equipment segment remained static as after-tax profit rose 3% to $88 million and revenues of $2.72 billion, up 8%. The company says it misread the market earlier in the year and had boosted the segment's work force by 500 people to meet anticipated demand. However, when demand slackened instead, the payroll was cut by 1,200 through attrition and dismissals.

The unit that carried Xerox during 1986 was its Crum & Forster Co., which mainly writes commercial insurance in the U.S. and Canada. Crum & Forster advertising expenses amounted to $1.1 million in the year, about the same as in 1985. The unit contributed $189 million in 1986 to Xerox's income from continuing operations. It is part of Xerox Financial Services, along with the investment banking firm of Van Kampen Merritt and the Xerox Credit Corp. Xerox continues to add to the segment. In July 1987 it said it would purchase Furman Selz Holding Corp., a New York research, brokerage and investment banking firm, for $110 million.

This year Xerox sold its 51%-owned Rank Xerox unit in South Africa to Altron Group, a South African electronics company. Xerox, one of the last supporters of an American corporate presence in South Africa, appeared to succumb to pressures from anti-apartheid forces in the U.S. and abroad.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Newspapers	5,904	11,351
Magazines	12,431	17,413
Newsp. supp.	168	0
Bus. pubs	3,996	5,085
Network TV	20,284	24,755
Spot TV	116	144
Spot radio	229	1,087
Outdoor	8	5
Network cable	280	507
Total measured	43,415	60,347
Unmeasured	49,317	68,551
Total	92,732	128,898

XEROX CORP
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Marketing Personnel

Michael E.G. Kirby, dir-corp adv & promo
Nancy J. Wiese, mgr-corp adv & promo
Robert T. Knight, sr vp-mktg, US mktg group
Charles C. Bream, sr vp-mktg, natl mktg div
Jay H. Nussbaum, vp-federal operations, Custom Systems div

Advertising Agencies

Backer Spielvogel Bates, New York—general adv, most prods & image adv—Mark Morris, exec vp; Scott Messinger, Shelley Diamond, sr vps-mgmt reps; MaryAnn Nelson, acct super, copiers, office systems, printing, custom systems; Jane Moore, acct super, corp & intl.

Bernard Hodes, New York—recruitment adv—Jo Bredwell, sr vp, NY; Frank Hubbard, vp, Chicago; Bruce Skillings, sr vp, Palo Alto.

Lowe Marschalk, New York—direct mktg, natl & local adv for natl mktg div (includes electronic typewriters, computer printers & facsimile machines)—Jim Johnson, exec vp; Madigan Pratt, vp-mgmt super; Diana Lynn, mgmt super; John Casey, acct super, Rochester; Brian Fey, acct super, Cleveland.

1986 national ad spending by category

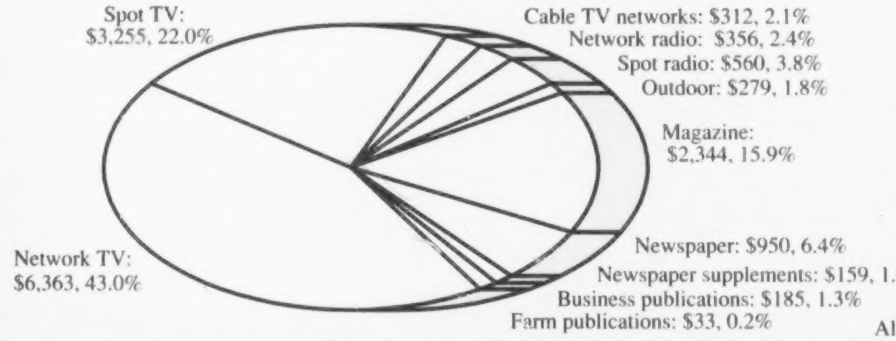
Category	Category total	Magazine	Newspaper	Newspaper supps.	Network TV	Spot TV	Network radio	Spot radio	Outdoor	Cable TV networks
Automotive, accessories & equipment	$3,754,443	$597,323	$734,545	$20,850	$ 921,250	$1,189,521	$49,547	$149,973	$50,995	$40,439
Food & food products	3,307,079	389,463	108,663	12,083	1,445,425	933,955	62,281	280,356	10,137	64,716
Business & consumer services	2,148,935	484,424	176,161	21,217	553,458	661,012	60,766	105,097	57,397	29,403
Travel, hotels & resorts	1,776,037	249,477	864,567	20,445	107,903	276,584	8,774	174,144	58,460	15,683
Retail	1,731,586	142,693	N/C	22,758	252,626	1,106,481	81,506	57,971	52,289	15,262
Entertainment & amusements	1,686,243	25,812	18,315	1,300	591,339	960,893	5,082	18,745	36,827	27,930
Toiletries & cosmetics	1,671,306	390,692	24,522	11,997	894,926	242,345	27,922	22,746	1,525	54,631
Beer, wine & liquor	1,413,720	225,072	77,936	12,241	547,731	250,827	24,569	177,893	62,840	34,611
Drugs & remedies	1,245,424	147,732	19,800	5,040	752,464	173,535	80,003	27,037	11,241	28,572
Confectionery, snacks & soft drinks	1,053,038	49,316	29,892	1,891	421,180	420,742	31,196	45,327	10,342	43,152
Miscellaneous	948,518	149,483	588,979	7,020	20,806	8,147	1,191	135,772	34,080	3,040
Mail order	782,332	363,480	60,013	122,385	37,343	136,753	20,677	N/A	2,401	39,280
Cigarettes, tobacco & accessories	728,763	321,843	129,009	64,825	1,342	15,316	1,466	1,904	190,132	2,926
Apparel, footwear & accessories	685,780	290,836	26,705	23,613	201,889	71,306	7,255	45,241	4,349	14,586
Publishing & media	662,182	175,960	241,969	21,326	14,031	125,617	6,277	34,477	36,803	5,722
Insurance & real estate	658,455	106,655	159,683	11,531	185,937	129,127	12,220	6,643	32,929	13,730
Soaps, cleansers & polishes	630,243	50,761	6,030	1,337	386,435	158,275	9,390	N/A	60	17,955
Computers, office equipment & stationery	613,936	219,101	69,718	3,516	226,753	37,401	16,358	30,387	3,126	7,576
Household equipment & supplies	596,274	93,382	23,987	4,637	301,616	138,511	15,432	6,404	661	11,644
Sporting goods, toys & games	476,923	75,458	7,063	1,750	145,252	223,091	1,788	5,482	327	16,712
Jewelry, optical goods & cameras	341,867	113,358	9,253	3,743	130,851	51,133	2,323	18,445	3,142	9,619
Building materials, equipment & fixtures	294,409	76,141	10,838	4,800	97,233	72,721	6,453	17,222	1,447	7,554
Electronic entertainments equipment & supplies	279,606	95,531	28,748	2,363	47,284	68,499	8,949	8,661	2,364	17,207
Pets, pet foods, supplies & organizations	272,129	37,365	5,638	1,611	156,844	54,670	5,604	2,423	901	7,073
Gasoline, lubricants & fuel	246,323	20,802	23,899	633	37,899	111,095	6,595	36,002	5,011	4,387
Household furnishings, supplies & materials	236,165	102,967	20,180	5,785	28,032	58,100	1,367	17,861	772	1,101
Horticulture & farming	203,618	20,019	40,702	1,278	31,198	68,792	9,369	26,694	1,413	4,153
Industrial materials	137,379	47,029	59,774	169	24,272	3,684	N/A	N/A	773	1,678
Business propositions & employment recruitment	116,881	13,511	86,282	184	9,231	1,027	146	5,262	944	294
Freight, industrial & agricultural development	111,649	35,599	3,923	255	27,569	35,683	5,525	N/A	842	2,253
Airplanes, aviation accessories & equipment	12,439	9,186	2,904	67	N/A	99	N/A	N/A	56	127
TOTAL	28,823,682	5,120,471	3,659,698	412,650	8,600,119	7,784,942	570,031	1,458,169	674,586	543,016

Sources: Newspaper from Media Records, spot radio from Radio Expenditure Reports, all other media from BAR/LNA reports. See *Where Ad Age got its data*, Page 14.
Notes: Dollars are in thousands. Categories vary among media measuring services. Totals are combined to reflect BAR/LNA categories wherever possible.

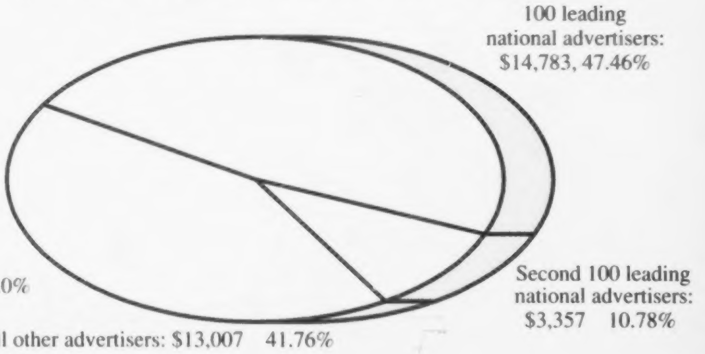
Total U.S. advertising dollars by media

Media	100 leading national advertisers					Second 100 leading national advertisers*					All advertisers		
	Advertising expenditures			$ as % U.S. media total		Advertising expenditures			$ as % U.S. media total		Advertising expenditures		
	1986	1985	% chg	1986	1985	1986	1985	% chg	1986	1985	1986	1985	% chg
Magazine	$2,344	$2,282	2.7	45.8	46.3	$546	$509	7.3	10.7	10.3	$5,120	$4,928	3.9
Newspaper	950	969	(2.0)	25.9	26.7	233	201	15.8	6.4	5.5	3,660	3,636	0.7
Newspaper supplements	153	154	(0.6)	37.0	38.3	32	27	15.8	7.7	6.9	413	401	3.0
Business publications	185	169	9.7	8.6	8.0	66	40	65.3	3.1	1.9	2,157	2,115	2.0
Farm publications	33	37	(12.3)	19.8	20.7	10	11	(6.6)	5.9	5.8	166	181	(8.3)
Network TV	6,363	6,175	3.0	74.0	74.3	1,076	972	10.7	12.5	11.7	8,600	8,313	3.5
Spot TV	3,255	3,087	5.4	41.8	43.8	1,012	928	9.1	13.0	13.2	7,785	7,044	10.5
Cable TV networks	312	272	14.8	57.5	58.0	72	60	20.1	13.3	12.8	543	469	15.8
Network radio	356	254	40.1	62.5	57.4	75	77	(2.3)	13.1	17.3	570	443	28.7
Spot radio	560	536	4.4	38.4	37.2	193	77	151.7	13.2	5.3	1,458	1,440	1.3
Outdoor	273	306	(10.9)	40.4	44.7	42	42	(0.5)	6.2	6.1	675	685	(1.5)
Total measured	14,783	14,236	3.8	47.5	48.0	3,357	3,006	11.7	10.8	10.1	31,147	29,655	5.0
Total unmeasured	12,384	12,037	2.9	N/A	N/A	2,145	1,581	35.7	N/A	N/A	N/A	N/A	N/A
Grand total	27,167	26,273	3.4	N/A	N/A	5,501	4,587	19.9	N/A	N/A	N/A	N/A	N/A

100 leaders' 1986 ad spending



Leaders' $ as % all advertisers



* Advertising Age will publish a directory of the second 100 leading national advertisers Nov. 23, 1987. Note: Dollars are in millions. Sources: See *Where Ad Age got its data*, Page 14.

RANK
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Zale Corp.

Irving, Texas

($ in millions)

Worldwide	1986	1985	% chg
Sales	1,061	1,107	(4.2)
Net income	7	(61)	(111.5)
U.S.	**1986**	**1985**	**% chg**
Sales	1,014	1,014	0.0
Advertising	99	65	51.8

After 62 years under the direction and ownership of two families, Zale Corp. was acquired for $574 million at the end of 1986 by a partnership formed by Peoples Jewellers Ltd. of Toronto and Swarovski International Holdings A.G., a Zurich-based maker and marketer of jewels and crystal.

The sale came despite repeated rebuffs by Peoples and its president Irving Gerstein, who had been sparring with Zale Corp. for more than six years. He was elected Zale president-ceo as soon as the partnership had completed its $50-a-share tender offer.

Mr. Gerstein had persisted with a strategy of building Peoples holdings and then making a series of offers in 1986. As the second largest jeweler in Canada, with more than 300 outlets, Peoples was ready to explore new turf even if it meant nipping at the largest U.S. jewelry retailer, with more than four times as many stores.

Peoples made Zale three offers it could refuse before joining with Swarovski to make its fourth. The final tender offer, completed at the end of December 1986, came from PS Associates C.V., a Netherlands limited partnership jointly owned by Peoples and Swarovski.

The sale ended a 35-year relationship between Zale Corp. and Bloom Agency, Dallas. Bloom handled the then $20-to-$25-million Zale Jewelers account, which was handed to Peoples' agency, Saffer Advertising/Toronto, after the takeover.

Zale Corp. also severed ties with Saunders, Lubinski & White, the Dallas agency that had handled its $2 million account for Mission Jewelers, when it sold the 62-store chain to Barry Jewelers in May. Mission, with stores in Alabama, Arkansas, Louisiana, Mississippi, Missouri, New Mexico, Oklahoma and Texas, reported annual sales of $20 million. Zale, under previous owners, had done business with Barry, selling its four Bohm Allen Jewelry Stores in Utah in June 1986.

Bozell, Jacobs, Kenyon & Eckhardt, Dallas, continues to handle advertising for Zale's carriage trade stores, Bailey Banks & Biddle Jewelers.

The new owners of Zale Corp. inherited a company that already had made moves to improve profitability. Zale Corp. closed its fiscal 1987 on March 31 with income of $7 million, up from a loss of $61 million in fiscal 1986, on sales of $1.1 billion, about the same as the previous year. Much of the loss in 1986 was attributed to a $120 million writedown of inventory and the anticipated sale of several units. Because of the sale, fiscal 1987 was divided into the nine months of 1986 prior to the sale and the three months under new ownership. The nine-month reporting period included about $18 million in expenses related to the acquisition and $39 million in gains due to the sale of its international units.

After the Zale Corp. acquisition was completed, the new owners moved quickly to consolidate Zale's trio of divisions. Management of the Zale division, the Bailey Banks & Biddle division and the Diamond Park Fine Jewelers leased departments was reorganized to divide administrative work by function without having separate groups for each division.

Under the reorganization in January, each of six division heads reports to Mr. Gerstein. The divisions include merchandising and marketing, stores and operations, administrative, finance, planning, human resources and manufacturing.

Zale under Mr. Gerstein's leadership closed its 35-year-old New York manufacturing facility and moved the New York distribution center to Irving, Texas. About 100 of the 400 New York employees were transferred to Irving. Zale also closed its Puerto Rican manufacturing arm, which employed about 350 people. The company eliminated its corporate marketing department, laying off 15 to 20.

In late February, about 125 more employees were laid off as the reorganization went into effect. The company now has about 1,100 employees at its Texas corporate headquarters.

ADVERTISING EXPENDITURES

($ in thousands)	1986	1985
Magazines	2,399	1,357
Newsp. supp.	175	17
Network TV	17,217	8,853
Spot TV	3,297	3,947
Network radio	5,783	3,913
Spot radio	6,260	5,130
Outdoor	2	0
Network cable	236	90
Total measured	35,369	23,307
Unmeasured	63,737	42,000
Total	99,106	65,307

ZALE CORP.
901 W. Walnut Hill Lane
Irving, Texas 75036-1003
(214) 580-4000

Corporate Personnel

Irving Gerstein, president-ceo
Randy Lively, sr vp-finance & admin
Nick White, sr vp, merch & mktg
Jerry Daws, sr vp, stores & operations

Marketing Personnel

Patti Rakolta, vp-adv
Pat Wehner, dir-corp planning

Advertising Agencies

Bozell, Jacobs, Kenyon & Eckhardt, Dallas—Bailey Banks & Biddle Jewelers—Ed Pitkoff, vp, mgr, retail group; Ron Spataro, sr vp-creative dir; Lynn Christopher, vp-group media dir.

Saffer Advertising, Toronto—Zale Jewelers—David LaFerle, vp-group acct dir; Gary Strong, vp-acct dir; Bob Lasby, Linda Leikin, group creative dirs.

Feeding cats and dogs

In Europe, dogs and cats are king—there are 50 million of them—but until recently pet owners preferred feeding them table scraps. Quaker Oats and others have helped change that. Half of Quaker's total International Grocery Products' business in 1986 was in pet foods, and the pet food market in Europe accounted for 60% of Quaker's sales in Europe in 1986, or nearly $500 million in sales. Quaker now has 15% of the profitable $3.4 billion European pet foods industry.

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